

of the Tyson-Fitzgerald bill and the universal draft bill; to the Committee on World War Veterans' Legislation.

4025. Also, petition of county board of commissioners of Mahanomen County, Minn., favoring a per capita payment for the Indians of the White Earth Reservation; to the Committee on Indian Affairs.

4026. Also, petition of Women's International League for Peace and Freedom, Minnesota section, protesting against the big Navy program; to the Committee on Naval Affairs.

4027. Also, petition of Minnesota District of International Federation of Cosmopolitan Clubs, favoring construction of the St. Lawrence waterway and the upper Mississippi River development project; to the Committee on Rivers and Harbors.

4028. Also, petition of the Lee-Osborn Post, No. 59, of Montevideo, Minn., urging passage of the legislative program indorsed at the national convention in Paris; to the Committee on World War Veterans' Legislation.

4029. Also, petition of members of the Hamlin Local, No. 103, of the Farmers' Educational and Cooperative Union, urging passage of the McNary-Haugen bill; to the Committee on Agriculture.

4030. Also, petition of the Eighth District (Minnesota) Congress of Parents and Teachers, favoring the Curtis-Reed education bill; to the Committee on Education.

4031. Also, petition of Montevideo A. S. of E. Cooperative Elevator & Trading Co., indorsing Senate Joint Resolution 59; to the Committee on Agriculture.

4032. Also, petition of Holloway Farmers Cooperative Elevator Co., indorsing Senate Joint Resolution 59; to the Committee on Agriculture.

4033. By Mr. MAPES: Petition of 16 residents of Grand Rapids, Mich., against the passage of House bill 78, or any other compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4034. By Mr. MEAD: Petition of residents of Buffalo, N. Y., in opposition to Senate bill 1667; to the Committee on Interstate and Foreign Commerce.

4035. By Mr. MOONEY: Petition of mission study class, Bethany English Lutheran Church, Cleveland, protesting the large naval building program; to the Committee on Naval Affairs.

4036. By Mr. MORROW: Petition of chamber of commerce, Grant County, Silver City, N. Mex., opposing Box bill, restricting Mexican immigration; to the Committee on Immigration and Naturalization.

4037. By Mr. NELSON of Missouri: Petition signed by Dr. Lashley M. Gray and other citizens of Prairie Home, Mo., in behalf of Civil War veterans and their dependents; to the Committee on Invalid Pensions.

4038. By Mr. O'CONNELL: Petition of the R. H. Comey Brooklyn Co., Brooklyn, N. Y., opposing the passage of the LaGuardia bill (H. R. 7759), amending the Judicial Code; to the Committee on the Judiciary.

4039. Also, petition of Harmonia Council, No. 99, Sons and Daughters of Liberty, favoring the passage of the Aswell bill (H. R. 5473); to the Committee on Immigration and Naturalization.

4040. Also, petition of the National Association of Book Publishers, New York City, favoring the passage of House bill 8304 and Senate bill 2040, relative to postal rates; to the Committee on the Post Office and Post Roads.

4041. Also, petition of 20 citizens of the State of New York, employed in the War Department, favoring the passage of the Federal employees retirement bill and the Welch bill (H. R. 6518); to the Committee on the Civil Service.

4042. Also, petition of the United States Cedar Industry Tariff Committee, demanding an adequate cedar tariff to remove existing discriminations and handicaps against American labor, business, and industry, and to properly and fairly protect American labor, business, and industry; to the Committee on Ways and Means.

4043. By Mr. SPEARING: Petition of numerous citizens, protesting against the passage of the Brookhart bill affecting the distribution of moving-picture films; to the Committee on Interstate and Foreign Commerce.

4044. By Mr. ROBINSON of Iowa: Petition urging immediate passage of the Civil War widow's pension bill, signed by about 45 adult citizens of Dundee, Delaware County, Iowa; to the Committee on Invalid Pensions.

4045. By Mr. SWICK: Petition of Mrs. H. A. Wilder and 39 other residents of New Castle, Lawrence County, Pa., protesting against the passage of the Lankford bill, or other compulsory Sunday observance measure for the District of Columbia; to the Committee on the District of Columbia.

4046. By Mr. SWING: Petition of citizens of Inyo County, Calif., protesting against compulsory Sunday observance laws; to the Committee on the District of Columbia.

4047. Also, petition of citizens of Arlington, Calif., protesting against compulsory Sunday observance laws; to the Committee on the District of Columbia.

4048. Also, petition of citizens of Fullerton, Calif., and vicinity, protesting against compulsory Sunday observance laws; to the Committee on the District of Columbia.

4049. Also, petition of citizens of Beaumont, Calif., protesting against compulsory Sunday observance laws; to the Committee on the District of Columbia.

4050. Also, petition of citizens of Little Lake, Calif., protesting against compulsory Sunday observance laws; to the Committee on the District of Columbia.

4051. Also, petition of citizens of Brawley, Calif., and other communities, protesting against compulsory Sunday observance laws; to the Committee on the District of Columbia.

4052. By Mr. THURSTON: Petition of 56 citizens of Page County, Iowa, protesting against the compulsory Sunday observance bill (H. R. 78); to the Committee on the District of Columbia.

4053. By Mr. TILLMAN: Petition of H. G. Wallis and sundry other citizens of Arkansas, asking for speedy passage of bill to increase pensions for Union veterans and widows of same; to the Committee on Invalid Pensions.

4054. By Mr. TILSON: Petition of N. I. Wemstein and other residents of New Haven, Conn., protesting against the passage of House bill 78; to the Committee on the District of Columbia.

4055. By Mr. VINSON of Kentucky: Petition of the residents of Ashland, Ky., against compulsory Sunday observance; to the Committee on the District of Columbia.

4056. Also, petition of the residents of the counties of Menefee, Boyd, and Carter, Ky., to increase the pension of all Civil War veterans and their widows; to the Committee on Invalid Pensions.

4057. By Mr. WHITE of Kansas: Petition of H. Coover and others, of Bickerdyke Home for Civil War Veterans, and their wives and widows, at Ellsworth, Kans.; to the Committee on Invalid Pensions.

4058. By Mr. WINTER: Petition against compulsory Sunday observance, by citizens of Weston County, Wyo., and George S. and Mary E. Stanton, Buckhorn, Wyo.; to the Committee on the District of Columbia.

4059. By Mr. WYANT: Petition of 2,175 members of churches in Mount Pleasant, Pa., and vicinity, favoring passage of Lankford Sunday rest bill (H. R. 78); to the Committee on the District of Columbia.

4060. Also, petition of Soroptimist Club, of the District of Columbia, favoring passage of Senate bill 1907 and House bill 6664; to the Committee on the Civil Service.

4061. Also, petition of C. L. Goodwin, of Greensburg, Pa., favoring Senate Joint Resolution 23 and House Joint Resolution 62; to the Committee on Rules.

## SENATE

FRIDAY, February 17, 1928

(Legislative day of Thursday, February 16, 1928)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were thereupon signed by the Vice President:

S. 2348. An act granting the consent of Congress to the Norfolk & Western Railway Co. and Knox Creek Railway Co. to construct, maintain, and operate two bridges across the Tug Fork of Big Sandy River near Devon, Mingo County, W. Va.; and

H. R. 9660. An act authorizing the city of Louisville, Ky., to construct, maintain, and operate a toll bridge across the Ohio River at or near said city.

SUPPLEMENTAL ESTIMATE OF APPROPRIATION—MESS HALL AT SOLDIERS' HOME, SANTA MONICA, CALIF. (S. DOC. NO. 57)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation, fiscal year 1929, for the National Home for Disabled Volunteer Soldiers, for construc-

tion of a mess hall at the Pacific Branch, Santa Monica, Calif., in the amount of \$200,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

#### CALL OF THE ROLL

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Ferris	King	Sackett
Barkley	Fess	McKellar	Schall
Bayard	Fletcher	McLean	Sheppard
Bingham	Frazier	McMaster	Shipstead
Black	Gerry	McNary	Shortridge
Blaine	Gillett	Mayfield	Simmons
Borah	Glass	Metcalf	Smoot
Bratton	Gooding	Moses	Steck
Brookhart	Gould	Neely	Steiwer
Broussard	Greene	Norbeck	Stephens
Bruce	Hale	Norris	Swanson
Capper	Harris	Nye	Thomas
Copeland	Harrison	Oddie	Trammell
Couzens	Hawes	Overman	Tydings
Curtis	Hayden	Phipps	Tyson
Cutting	Heflin	Pine	Wagner
Dale	Howell	Ransdell	Warren
Deneen	Johnson	Reed, Mo.	Waterman
Dill	Jones	Reed, Pa.	Watson
Edge	Kendrick	Robinson, Ark.	Wheeler
Edwards	Keyes	Robinson, Ind.	Willis

Mr. CURTIS. I was requested to announce that the Senator from Montana [Mr. WALSH] is engaged in the Committee on the Judiciary.

The VICE PRESIDENT. Eighty-four Senators having answered to their names, a quorum is present.

#### PETITIONS AND MEMORIALS

Mr. EDGE. Mr. President, I send to the desk numerous signed petitions, in fact signed by approximately 17,000 men and women in New Jersey, in the interest of arbitration to take the place of war. I would ask the Secretary to make an extract from the petitions, together with the names of the women's clubs and other organizations represented in preparing the petitions and securing the signatures, and that that much be noted in the Record, and that the petitions be referred to the Committee on Foreign Relations.

The VICE PRESIDENT. Without objection, it is so ordered.

The petitions presented by Mr. EDGE pray for the adoption of any effective resolutions in Congress or the negotiation of treaties with France or other nations which clearly provide for the arbitration of disputes in such manner as to consist of a real forward step in the use of arbitration as the means to prevent war, and are sponsored and indorsed by the following organizations in the State of New Jersey:

- New Jersey State Federation of Women's Clubs;
- New Jersey League of Women Voters;
- American Association of University Women;
- Daughters of the Revolution;
- New Jersey branches of the League of Nations Nonpartisan Association;
- Consumers' League of New Jersey;
- New Jersey sections of the National Council of Jewish Women;
- Woman's Christian Temperance Union;
- Young Women's Christian Association;
- Various churches and parent-teachers' associations;
- Town councils;
- Sons of the American Revolution;
- Posts of the American Legion; and
- Men's service clubs, such as Rotary, Kiwanis, and Lions Clubs.

The petitions are also indorsed and signed by local boards of federated clubs and sundry citizens in over 100 communities, all in the State of New Jersey, as follows:

Arlington, Asbury Park, Atlantic City, Avenel, Bayonne, Belleville, Bergenfield, Bernardsville, Bloomfield, Bogota, Boonton, Boundbrook, Caldwell, Cape May, Chatham, Chester, Cranford, Crawford, Dover, Dennisville, Edgewater, Elizabeth, Englewood, Ephraim, Essex Fells, Farmingdale, Flemington, Gibbstown, Glassboro, Glenridge, Grantwood, Hackettstown, Haddonfield, Hartford, Haworth, Hawthorne, Highland Park, Hillside, Hoboken, Hopewell, Irvington, Jersey City, Kearney, Keyport, Lambertville, Lawrenceville, Leonia, Lindenwood, Livingston, Madison, Mahwah, Manasquan, Magnolia, Matawan, Maplewood, Medford, Metuchen, Montclair, Montville, Mount Holly, Mount Lakes, Mossmere, Morristown, Merchantville, New Brunswick, Newark, North Bergen, Nutley, Oradell, Orange, Paterson, Passaic, Paulsboro, Pedricktown, Pennington, Penns Grove, Perth Amboy, Plainfield, Princeton, Rahway, Raritan Post, Ridgewood, Riverton, Roseland, Roselle, Salem, South Amboy,

Seagirt, Sewaren, Summit, Stockton, Spring Lake, Tenafly, Towaco, Trenton, Vincentown, Vineland, Washington, Woodbridge, Woodbury, and Woodstown.

Mr. JONES. I have a number of letters in my office in the nature of petitions which were sent to me with reference to the tariff on shingles. I have not brought them to the Senate, but I wanted to make a statement regarding them. I have a letter here from the cedar industry, which I ask may be printed in the Record and referred to the Committee on Finance.

There being no objection, the letter was referred to the Committee on Finance and ordered to be printed in the Record, as follows:

UNITED STATES CEDAR INDUSTRY TARIFF COMMITTEE,  
Everett, Wash., February 9, 1928.

Hon. WESLEY L. JONES,

United States Senator, Washington, D. C.

MY DEAR SENATOR: Our industry recently mailed you some red-cedar shingles, and inclosed is an industry statement.

We are only asking the right to be permitted to live in the United States and continue a legitimate business.

Existing tariff laws have already exterminated over half of our industry and fully half of what remains is actually bankrupt. This is the positive and indisputable result of congressional discrimination against our industry, its American labor, and incident business.

The United States charges an import tax on logs if shipped to American mills for manufacture by American workmen, grants unrestricted exportation of American logs, and permits free and unlimited importation of shingles and cedar lumber to American markets.

Canada charges an export tax on logs, rigidly restricts log exportations, and even prohibits log exportations to American mills. Sales and import taxes bar American cedar products from Canadian markets.

The operative effect is: United States tariff protection to foreign productive and Canadian oriental labor, preference of oriental labor over American labor, idleness of American labor, causing an annual \$10,000,000 wage loss, forcing hunger and insufficient clothing to thousands of American workmen, their wives and children, stagnation to American business, and extermination to an important American industry.

This is not a mere incident in business; it is actual industry crucifixion by an act of our own Congress.

We are only asking for fairness and justice.

Yours very truly,

A. C. EDWARDS,  
Tariff Committee Chairman.

Mr. JONES also presented a resolution adopted by the Yakima County (Wash.) Grange Committee, protesting against the passage of the so-called Crisp bill proposing to appropriate \$10,000,000 for the purpose of buying waste lands and abandoned farms, securing settlers and developing waste lands, etc., which was referred to the Committee on Irrigation and Reclamation.

He also presented a resolution adopted by the water users of the Sunnyside Valley (Wash.) irrigation district, protesting against the reclamation of any more arid or swamp land until there is sufficient demand for the products from such lands which will at least assure the cost of production, which was referred to the Committee on Irrigation and Reclamation.

Mr. SHORTRIDGE presented sundry memorials numerous signed by citizens employed in the motion-picture industry in the State of California, remonstrating against the passage of Senate bill 1667, the so-called Brookhart bill, relative to the distribution of motion pictures in the various motion-picture zones of the country, which were referred to the Committee on Interstate Commerce.

Mr. TYDINGS presented a petition of members of Wilson Post, No. 1, Grand Army of the Republic, at Baltimore, Md., praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which was referred to the Committee on Pensions.

Mr. FESS presented a resolution adopted by the Dayton (Ohio) section, American Society of Civil Engineers, favoring the passage of the bill (H. R. 8111) to provide for the inventory of the water resources of the United States, which was referred to the Committee on Commerce.

Mr. COPELAND presented a resolution adopted by Colonel Gansevoort Council, No. 64, Daughters of America, at Rome, N. Y., favoring the maintenance of the basic provisions of the immigration act of 1924, the prompt execution of the national origins provision of the act, the extension of the quota limitations for immigration from Mexico, the West Indies, and countries of Central and South America, and limiting the total annual immigration to 150,000, which was referred to the Committee on Immigration.

He also presented a resolution adopted by Colonel Gansevoort Council, No. 64, Daughters of America, at Rome, N. Y., favoring the passage of legislation requiring the registration of all



aliens in the United States, which was referred to the Committee on Immigration.

He also presented a resolution adopted by Colonel Willett Council, No. 58, Junior Order United American Mechanics, at Rome, N. Y., favoring the passage of legislation to ascertain the number of aliens illegally and unlawfully in the United States; the deportation of aliens, and the prompt execution of the national origins provision of the existing immigration law, which was referred to the Committee on Immigration.

Mr. WILLIS presented a memorial of sundry citizens of the State of Ohio, remonstrating against the passage of the bill (S. 2506) to amend the packers and stockyards act, 1921, which was referred to the Committee on Agriculture and Forestry.

Mr. CUTTING presented a letter in the nature of a petition from Edgar F. Craighead, adjutant New Mexico Casual Post, No. 614, Veterans of Foreign Wars, Fort Bayard, N. Mex., with an accompanying resolution, relative to the establishment of a national cemetery at Fort Bayard, N. Mex., which was referred to the Committee on Public Buildings and Grounds and ordered to be printed in the RECORD, as follows:

VETERANS OF FOREIGN WARS,  
Fort Bayard, N. Mex., February 1, 1928.

Hon. BRONSON CUTTING,

United States Senator, Washington, D. C.

MY DEAR SENATOR: I am attaching hereto a resolution adopted at a recent meeting held by the above-captioned post, and we are of the opinion that we are entitled to a national cemetery here. At present we have 1,185 filled graves and some 2,000 plotted empty graves, and I am sure that you will agree with us that when a man has given his life for his country he is surely entitled to have his last resting place taken the proper care of. The graves here date back to the Indian wars, and no doubt in some cases there is no living relative of the man buried here. We have no funds or appropriations to disburse in this manner; the Veterans' Bureau have taken the attitude of hands off. The patients here are certainly not able to take care of it.

I would suggest that you take this matter up with Hons. BRATTON and MORROW, and advise me as to what the possibility is of getting a national cemetery here at Fort Bayard, N. Mex. Also I request that you read or have read the attached resolution on the floor of the House, and have same entered in the CONGRESSIONAL RECORD.

Trusting that you will give the above-mentioned matter your usual prompt attention and consideration, and assuring you that we stand ready at all times to assist in whatever way we can. I am, believe me, Sincerely,

EDGAR F. CRAIGHEAD,  
Adjutant New Mexico Casual Post, No. 614,  
Veterans of Foreign Wars, Fort Bayard, N. Mex.

VETERANS OF FOREIGN WARS,  
Fort Bayard, N. Mex.

Resolution adopted by New Mexico Casual Post, No. 614, Veterans of Foreign Wars, at regular meeting held January 17, 1928, at Fort Bayard, N. Mex.:

Whereas there are 1,185 filled graves in the cemetery at Fort Bayard, N. Mex., some of them dating back to the Indian wars, and the United States Veterans' Bureau recently plotted 2,000 or more empty graves; and

Whereas there are no funds or appropriations available to give the cemetery the proper care and the United States Veterans' Bureau does not take the proper care of same, as they term it special work: Now therefore be it

Resolved, That the New Mexico Casual Post, No. 614, Veterans of Foreign Wars, at Fort Bayard, N. Mex., go on record expressing their desire to have the cemetery here converted into a national cemetery, whereby the graves of our departed comrades will have the proper care through Federal aid; and be it further

Resolved, That we request you, Hon. BRONSON M. CUTTING, to introduce a bill in Congress making the cemetery here a national cemetery.

EDD. ZINGG, Commander.  
EDGAR F. CRAIGHEAD, Adjutant.

[See the bill (S. 3262) to establish a national cemetery at Fort Bayard, N. Mex., introduced to-day by Mr. CUTTING.]

#### REPORTS OF COMMITTEES

Mr. MAYFIELD, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 1414) for the prevention and removal of obstructions and burdens upon interstate commerce in cottonseed oil by regulating transactions on future exchanges, and for other purposes, reported it with amendments and submitted a report (No. 317) thereon.

Mr. BROOKHART, from the Committee on Civil Service, to which was referred the bill (S. 1728) placing service postmasters in the classified service, reported it without amendment.

Mr. HAYDEN, from the Committee on Territories and Insular Possessions, to which was referred the bill (H. R. 6989) to amend the Hawaiian Homes Commission act, 1920, approved July 9, 1921, as amended by act of February 3, 1923, reported it without amendment and submitted a report (No. 318) thereon.

#### ENROLLED BILL PRESENTED

Mr. GREENE, from the Committee on Enrolled Bills, reported that on February 13, 1928, that committee presented to the President of the United States the enrolled bill (S. 2656) to establish a minimum area for the Shenandoah National Park, for administration, protection, and general development by the National Park Service, and for other purposes.

#### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TYSON:

A bill (S. 3257) to establish a national military park at Fort Negley, on the battle field of Nashville, Tenn.; to the Committee on Military Affairs.

By Mr. SHORTRIDGE:

A bill (S. 3258) to amend section 300 of the World War veterans' act, 1924, as amended; to the Committee on Finance.

By Mr. TYDINGS:

A bill (S. 3259) granting a pension to F. A. Naille; to the Committee on Pensions.

A bill (S. 3260) to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim of R. H. Lansdale; to the Committee on Claims.

By Mr. WHEELER:

A bill (S. 3261) for the relief of William B. Walker; to the Committee on Claims.

By Mr. CUTTING:

A bill (S. 3262) to establish a national cemetery at Fort Bayard, N. Mex.; to the Committee on Public Buildings and Grounds.

By Mr. SACKETT (for Mr. GOFF):

A bill (S. 3263) granting a pension to Nancy Detrick (with accompanying papers); to the Committee on Pensions.

By Mr. ROBINSON of Indiana:

A bill (S. 3264) granting a pension to Annie Shirley (with accompanying papers); and

A bill (S. 3265) granting a pension to Jemima E. Johnson (with accompanying papers); to the Committee on Pensions.

By Mr. SWANSON:

A bill (S. 3266) granting a pension to Nellie Dorchester (with accompanying papers); to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 3267) granting an increase of pension to Clara Huffman; to the Committee on Pensions.

A bill (S. 3268) authorizing the Secretary of War to issue a certificate of honorable discharge to Carl J. Canada; and

A bill (S. 3269) providing for the advancement on the retired list of the Army of Hunter Liggett, major general, United States Army, retired; to the Committee on Military Affairs.

By Mr. BORAH:

A bill (S. 3270) for the relief of Chester A. Boswell; to the Committee on Military Affairs.

By Mr. HARRIS:

A bill (S. 3271) for the relief of Molna Michael; to the Committee on Claims.

A bill (S. 3272) to amend the act entitled "An act for the relief of contractors and subcontractors for the post offices and other buildings and work under the supervision of the Treasury Department, and for other purposes," approved August 25, 1919, as amended by act of March 6, 1920; to the Committee on Public Buildings and Grounds.

By Mr. NORBECK:

A bill (S. 3273) to permit taxation of lands of homestead and desert-land entrymen under the reclamation act; to the Committee on Public Lands and Surveys.

By Mr. BINGHAM:

A joint resolution (S. J. Res. 94) to authorize the President to invite the Government of Great Britain to participate in the celebration of the sesquicentennial of the discovery of the Hawaiian Islands, and to provide for the participation of the Government of the United States therein; to the Committee on Foreign Relations.

#### CHANGE OF REFERENCE

On motion of Mr. HOWELL, the Committee on Claims was discharged from the further consideration of the bill (S. 1978) for the relief of Agfa Raw Film Corporation, and it was referred to the Committee on Finance.

## AMENDMENTS TO TENNESSEE BRIDGE BILLS

Mr. TYSON submitted an amendment intended to be proposed by him to the bills (H. R. 9147) granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a bridge across the Tennessee River, on the Jasper-Chattanooga Road in Marion County, Tenn., and also an amendment intended to be proposed by him to the bill (H. R. 9197) granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a bridge across the Tennessee River on the Knoxville-Maryville Road in Knox County, Tenn., which were referred to the Committee on Commerce and ordered to be printed.

Mr. MCKELLAR submitted an amendment intended to be proposed by him to the bill (H. R. 9199) granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a bridge across the Cumberland River on the Dover-Clarksville Road in Stewart County, Tenn., which was referred to the Committee on Commerce and ordered to be printed.

## AMENDMENT TO EMERGENCY OFFICERS' RETIREMENT BILL

Mr. MOSES submitted an amendment intended to be proposed by him to the bill (S. 777) making eligible for retirement under certain conditions, officers and former officers of the Army of the United States, other than officers of the Regular Army, who incurred physical disability in line of duty while in the service of the United States during the World War, which was ordered to lie on the table and to be printed.

## AMENDMENTS TO ALIEN PROPERTY BILL

Mr. HOWELL submitted two amendments intended to be proposed by him to House bill 7201, the so-called alien property claims bill, which were ordered to lie on the table and to be printed.

## ELIZABETH A. MANION

Mr. BAYARD submitted the following resolution (S. Res. 149), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Secretary of the Senate is hereby authorized and directed to pay from the contingent fund of the Senate to Elizabeth A. Manion, sister of Mary Kenny, who was an attendant in charge of the ladies' retiring room in the Senate Office Building, six months' compensation at the rate she was receiving by law at the time of her death, the said sum to be considered inclusive of funeral expenses and all other allowances.

## INVESTIGATION OF RATES ON BITUMINOUS COAL

Mr. SACKETT. Mr. President, during the debate yesterday mention was made of the advisability of an investigation with reference to coal rates. I ask unanimous consent at this time to introduce a resolution concerning that subject and ask that it be read.

The VICE PRESIDENT. The clerk will read the resolution. The Chief Clerk read the resolution (S. Res. 150), as follows:

*Resolved*, That the Senate Committee on Interstate Commerce, or a subcommittee thereof, be, and it is hereby, authorized and directed to make an investigation of the existing rate structures of freight rates on bituminous coal moving in interstate commerce to determine whether there exist injustices and unfairness therein and whether any mining districts are being unfairly or abnormally stimulated and overdeveloped or are being depressed thereby.

Also, to investigate and ascertain the power, authority, and practices of the Interstate Commerce Commission under existing law to control the minimum freight rates to be charged by railroads for the purpose or with the effect of increasing or preventing competition between mining districts located in different States by equalizing the costs of production and distribution in industry through the requirement of transportation charges upon bituminous coal that are more than compensatory to the carriers performing the services of distribution.

And particularly to investigate and ascertain the effect on the bituminous-coal industry and coal-mining districts of the States of Pennsylvania, Ohio, West Virginia, Virginia, Kentucky, and Tennessee of the orders of the Interstate Commerce Commission for the reduction of and/or the refusal to permit the reduction of freight rates on bituminous coal by the carriers serving said States.

Upon the conclusion of the investigation the committee shall forthwith report to the Senate.

The expenses of said committee or any subcommittee thereof hereunder shall be paid out of the contingent fund of the Senate.

Said committee is empowered to sit and act at such time or times and at such place or places as it may be deemed necessary and to require by subpoena or otherwise the attendance of witnesses and the production of books, papers, and documents, and to do such other acts as may be necessary in the matter of said investigation.

The chairman of the committee or any member thereof may administer oaths to witnesses. Any person who, having been summoned as a witness, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation hereby authorized, shall be held to the penalties provided by section 102, Revised Statutes of the United States.

Mr. SACKETT. I suggest that the resolution be referred to the Interstate Commerce Committee.

The VICE PRESIDENT. Without objection, it will be so referred.

## CONSIDERATION OF BRIDGE BILLS

Mr. BARKLEY. Mr. President, I have in charge five bridge bills which are now in the hands of the Committee on Commerce and not yet on the calendar. They are House bills Nos. 7032 to 7036, inclusive. I ask unanimous consent that the Committee on Commerce may be discharged from the further consideration of the bills and that they be passed.

The VICE PRESIDENT. The Senator from Kentucky asks unanimous consent that the Committee on Commerce be discharged from the further consideration of the five bridge bills indicated by him, and that the bills be put on their passage. Is there objection?

By unanimous consent, the Committee on Commerce was discharged from the further consideration of the bills; and there being no objection, the Senate, as in Committee of the Whole, proceeded to consider them in their order. The bills were severally reported to the Senate without amendment, ordered to a third reading, read the third time, and passed, as follows:

H. R. 7032. An act authorizing the Valley Bridge Co. (Inc.), of Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Cumberland River at or near Canton, Ky.;

H. R. 7033. An act authorizing the Valley Bridge Co. (Inc.), of Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Cumberland River at or near Iuka, Ky.;

H. R. 7034. An act authorizing the Midland Bridge Co. (Inc.), of Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Cumberland River at or near Smithland, Ky.;

H. R. 7035. An act authorizing the Midland Bridge Co. (Inc.), Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Tennessee River at or near the mouth of Clarks River; and

H. R. 7036. An act authorizing the Valley Bridge Co. (Inc.), Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Tennessee River at or near Eggners Ferry, Ky.

## ADDRESS BY HON. CHARLES EVANS HUGHES

Mr. EDGE. Mr. President, I ask unanimous consent to have printed in the RECORD a speech made by former Secretary Hughes at the Pan American Conference in Habana.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

## TEXT OF MR. HUGHES' ADDRESS

Mr. President, I have listened with deep interest to the admirable statement of Doctor Alfaro in reviewing the history of the conferences to promote the peaceful settlement of controversies in this hemisphere.

I wish to join in the expression uttered by others in appreciation of the care with which Doctor Alfaro has prepared his report, but more especially in recognition of the admirable spirit, the fine generous vision which has animated all that he has said. Permit me also to take this opportunity of expressing entire accord with the proposal of Doctor Gonzales, of Mexico, with respect to the resolution which might be properly adopted by this conference.

It is my happy privilege to say for the United States of America that we would join most heartily in a declaration that there shall be no war of aggression in America. I am in entire accord with the proposal that we should show that this hemisphere is dedicated to the interests of peace, and that we should endeavor to find pacific solutions for all the controversies that may arise.

Without suggesting any superiority for ourselves, we have very happy traditions in this hemisphere. Most of the controversies that have vexed us have already been settled. Very few remain. They can be adjusted peaceably.

## THREE WAYS OF SETTLEMENT

If we have this high aim of securing pacific adjustment of our difficulties, we shall not fail to attain it. And I am happy to join in that effort to which, not simply speaking from the position as chairman of the American delegation—important as that is—but speaking out of my own heart, I would wish to give all the strength and energy that I possess.



How shall we promote peaceful settlement? I think there are three ways:

First. By conferences. By those important periodical meetings at which we can promote a better acquaintance and have a candid interchange of views.

Second. By means of conciliation. That is to say, the provision of some practical means by which when difficult situations arise reason may have its play before force takes the field.

Third. In the judicial settlement of controversies. Reason and justice must have their institutions. They can not exist merely as abstract concepts to which we pay our verbal devotion. We must have institutions of peace. The great problem is how to establish them; how to secure agreement upon them.

What Doctor Maurtua has just said, it seems to me, is full of wisdom. He desires that we shall go as far as we can and that then we shall endeavor, step by step, to make a progressive approach to our ideals. Those are the words not only of a jurist but of a statesman.

#### EXCEPTIONS TO ARBITRATION

The important question before us is with respect to the project which Doctor Alfaro has presented. It has been subjected to an analysis in a very clear, illuminating, and forceful manner by Doctor Lira, president of the Chilean delegation. That analysis makes it unnecessary for me to dwell at length upon some of the questions involved.

Article 19 of the project provides that questions of whatever nature which may arise between two or more states which have not been settled through diplomatic channels shall be submitted to arbitration. But it is at once recognized in the following article, Article 20, that this generality must have some limitation.

While it is true that under article 21 it is provided that the question whether a controversy is included in the exceptions shall be submitted to arbitration, nevertheless that is not intended to destroy the exceptions. The provision may be open to the criticism which Doctor Lira has stated, but it must be supposed that, from the standpoint of the reporter, it was intended that the exceptions should be effective.

When the exception is set forth in article 20, the first exception, it is found that it eliminates controversies which involve constitutional provisions. I agree with Doctor Lira that this is extremely broad and vague. What are constitutional questions? Our genial Chief Justice of the Supreme Court of the United States once said that a constitutional lawyer was one who had given up the practice of law and gone into politics. [Laughter.]

From the standpoint of the United States there are few questions that could not be claimed to involve constitutional provisions—if you say that all the powers and functions for which the Constitution provides are the subject of exception.

#### CATEGORIES OF CONTROVERSIES

Then in the second provision of article 20 reference is made to controversies which may place in jeopardy the independence of a State. I do not object to that, although I agree that it is very vague. I think, if I understand Doctor Maurtua aright, he thought "sovereignty and independence" would be a better expression. I agree to that.

The point I desire to make, however, is that these two classes of exceptions in article 20 reveal the consciousness of the necessity of some limitation. The question, then, is practically one which it is necessary for us to decide in approaching a convention. What will give appropriate expression to the limitations that are deemed to be essential?

Now, we have certain categories of controversies. We have controversies to which there are principles of law and of equity that are applicable. We call those justiciable questions. We could probably find a basis for agreement with regard to questions of that class.

I quite understand that questions of that class might sometimes involve sovereignty and independence. We can not make progress by putting our heads in the sand. No nation will knowingly submit to arbitration its sovereignty, whether it is called a justiciable question or has some other legal nomenclature to describe it. But we do have certain classes of cases which we call justiciable, which, with limited exceptions, we can agree upon.

#### POLITICAL AND INTERNAL AFFAIRS

Then there are controversies which are relating solely to political expediency and to which no principles of law or of equity apply. These give us the greatest difficulty. It is not that we object—or any of us here would object—to the impartial decision of the most enlightened mind representing the justice of the Deity even in such questions.

But we fail to find an assurance of that orderly and wise disposition in ordinary arbitral decisions. It is not the lack of a desire to have a pacific settlement, but the difficulty in the nature of the question, because you submit to the arbitrator something as to the decision of which he has no principle to guide him.

Then there is a third class of cases of controversies which should not be strictly regarded as international controversies at all. One state objects to the internal legislation of another state in a matter entirely within the province of that state. The objecting state should recognize that that is a matter of internal government. But internal

government projects, in these days of intimate relations, in the actual force of its decisions, into areas where other governments seek to found a freer play.

So, about internal questions, some controversies may arise. We all have questions in each of our countries which we think are within our competency because they relate to internal administration. I could name some, and I could go around this room and enumerate questions of that sort which I am sure many of you would never submit to arbitration.

#### FEASIBILITY OF CLAIMS CONVENTIONS

Now, we must face the facts in this matter fairly. My conception of amity among the nations is a sort of friendship which will enable us to deal with these difficult questions in our negotiations with each other without the effort to compel nations to relinquish rights or to change their internal organization or to submit to the decrees of others in matters which affect internal regulations according to their conceptions of their interests. So our problem is what progress can we make?

There is one class of controversies about which we can make a convention without great difficulty. Those are controversies relating to questions involving the interpretation of treaties or the principles of international law, where the claims are for loss of life or personal injuries, or injuries to property, and where the reparation sought is entirely pecuniary.

We could have a claims convention without going into some of the difficulties which would arise in dealing with a broader convention. I do not mean to exclude the broader convention; I am simply thinking of making practical progress by having something on which we can start with a maximum of agreement. We can have two classes of convention, a convention relating to pecuniary claims and another convention relating to broader matters.

#### STANDING JOINT COMMISSIONS

When we come to the broader convention we would then consider the various categories of the controversies to which I have referred and endeavor to see how closely we can come to an agreement in sympathy with the principle Doctor Maurtua has proposed of making all the progress possible.

I do not wish to detain the committee with a long statement, but I can not forbear to say that I think the project presented fails to exhaust the possibilities. While states might not be willing to submit to arbitration various delicate questions which they thought impinged upon the free exercise of their internal authority, still it might be possible to have joint commissions whose reports advising the different governments and legislatures would be of great value.

In 1909 the United States made its treaty with Great Britain with respect to Canada, establishing a joint commission in which each Government has an equal number of members, and to which all sorts of questions arising on our boundary can be referred for examination, the taking of testimony, and report to the respective Governments.

A nation may be willing, entirely willing, to have a permanent joint commission with its neighbor or neighbors, so that in any question that arises there may be an explication of the questions not for the purpose of decision but so that each government may be advised of the views and findings of a commission on which they have an equal representation, and then its legislature, supreme in its sphere, can act with that knowledge.

This plan has worked very well, and questions which might not perhaps have been submitted to arbitration—some of difficulty, some of delicacy—have been considered by the permanent joint commission and reports have been made which led to satisfactory adjustments.

Let us be astute to find means suited to the different exigencies which we can not escape.

#### PICKING THE THIRD ARBITRATOR

A final word: The test of arbitration and the weakness of plans for arbitration lie in the selection of the third arbitrator, as the case may be, who actually decides the controversy. Arbitrators are selected for the respective nations, and in some historic cases the arbitrator selected by one power has not supported that power, but those cases are extremely rare.

We know in advance the pivotal man, the third man, is the man who will decide. I have been in negotiations for arbitration where the names of the most distinguished jurists in the world have been submitted and eliminated. No agreement could be had.

The test of the arbitration agreement is in your plan for the selection of the third arbitrator. Reference was made to the apprehension of states in regard to arbitration. They center about this selection. Now, this project, when it comes to the final test where the parties do not agree, leaves the selection to chance.

That is to say, if there is no agreement, two chiefs of state are to be designated, one by each party, who maintain friendly relations with both parties; but in the language of treaties and diplomacy, friendship is not the same as it is in the language of social intercourse. There are chiefs of state at times whom we would not desire to select,

although we would be far from suggesting that our relations in a diplomatic sense were not entirely friendly.

These two chiefs of state, one selected by each party, are designated, and one of these is to be selected by lot—for example, the flip of a coin!

#### SELECTION BY NONAMERICAN JURISTS

There are two objections: The first it is by chance, and the whole arbitration rests upon that. The broader you make the arbitration, the more important is this point. The second objection to such a method of choice is that it is essentially political.

I think we should endeavor to get away from a final selection in case we could not agree upon a third arbitrator, which would be in any manner influenced by political considerations. It might be impossible entirely to eliminate that feature, but we should strive in that direction in order to have an impartial, juridical settlement.

My suggestion would be that instead of providing for two chiefs of state, one to be selected by lot, that we should select three outstanding non-American jurists who should select with a sense of responsibility of their reputation and juridical standing, the third arbitrator, who, in that case might more closely approach to our ideal of an impartial judge. Such jurists would be more likely to give us the selection of some one on whom we could rely as not influenced by political considerations.

We often in our experience have had important interests come to us and say: "We would like to arbitrate our controversy. Can you suggest some one as an arbitrator?" And when that is stated to a judge, to a lawyer of eminence, to a man who has a reputation to sustain as an exponent of law and justice, he feels the greatest obligation to assist the parties to obtain an absolute, impartial, and just determination of their controversy.

#### PLEDGES OUR COOPERATION

Now, it is very late in our conference. We have been unable to reach this matter before. I do not wish to detain you with observations. I wish to join with you in this effort to the full extent of my ability. If we can not complete it now, let us prepare for a future day when we can accomplish our purpose with full consideration of all the questions which necessarily arise.

I desire to show to you the sincere cooperation of the United States, which is opposed to any act of aggression; which desires to see force eliminated from the hemisphere; which is seeking nothing but the good order, the independence, and the prosperity of all the American states. [Prolonged applause.]

#### SPEECH OF SENATOR RANDELL AT RICHMOND, VA.

Mr. SWANSON. Mr. President, I ask unanimous consent to have printed in the RECORD a speech by the senior Senator from Louisiana [Mr. RANDELL] in Richmond on the 16th instant.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Mr. Chairman, ladies, and gentlemen, this is an unusual assemblage. In a long public career of forty-odd years I do not recall having attended a meeting such as this, where the promotion of good will among members of different creeds was the spirit of the occasion. I approve the idea heartily and am glad to contribute my mite toward its success. I hope the example you are setting will be emulated in many places throughout the Nation.

There is more good will on earth to-day than at any period of its history. Two thousand years ago war was universal and all prisoners taken in war were enslaved. Women had no rights men were bound to respect. There were no asylums or hospitals for the helpless and sick. Now, wars are the exception, not the rule; slavery has ceased in all civilized lands; women are equal to men in all respects; and every form of human suffering is relieved in asylums, homes, hospitals, and institutions of every kind conducted by all churches or the public. Even dumb animals are the recipients of human care and kindness. The golden rule, "Do unto others as you would have them do unto you," is practiced by a great many persons, and there is infinitely more good than bad among men. We expect good and it makes no impression on us, whereas grave crimes being abnormal are widely published and the thoughtless imagine that wickedness predominates. There is still much intolerance and hard feeling, due mainly to ignorance of the other party's viewpoint.

Good-will meetings such as this will help to sweep away the mists, to broaden our outlook on life, to make us more charitable, to realize that our neighbors are just as worthy people as ourselves, and to understand there is no genuine religion in hating those whose religious views differ from our own. In his farewell address to his countrymen the immortal Virginian, George Washington, said:

"The name of American, which belongs to you in your national capacity, must always exalt the just pride of patriotism more than any appellation derived from local discriminations. With slight shades of difference you have the same religion, manners, habits, and political principles. You have, in a common cause, fought and triumphed to-

gether; the independence and liberty you possess are the work of joint counsels and joint efforts of common dangers, sufferings, and successes."

There are present at this banquet 150 Protestants and a like number of Jews and of Catholics. That independence and liberty we continue to possess, which was first secured by Washington and his compatriots, has been preserved by the joint efforts of all Americans, in common dangers, sufferings, and successes. We have differences of interest, race, and religion, but all work together for the good of our great country. There is a multitude of problems common to all of us. One part of the country may prosper, another suffer. To-morrow the case may be reversed. Respecting that liberty which belongs to the conscience of every man, we can and will, with good will to one another, help America to fulfill her destiny.

Bigotry, prejudice, petty jealousy, and kindred emotions are inimical to the welfare of the Nation. They are the products of deficient information and set brother against brother, banish the more kindly feelings of human nature, and falsify the expectations of the framers of the Constitution. It was the hope of our forefathers that this country would be and remain a united Nation, that unity would be the main pillar in the edifice of our independence, the support of our tranquillity at home, our peace abroad, our national safety, and prosperity.

It is my firm belief that the heart of America is tolerant and sincerely religious. The first settlers on our shores were men and women dominated by firm religious principles. What were they seeking? Merely the right to live their own lives in their own way, inspired by fervent zeal to be free in politics and religion. The Constitution guaranteed those rights, and they have been sanctioned and upheld for 140 years. Those who promote ill will and strife are enemies of that liberty and independence so dear to all our hearts, while they who assist in fostering good will are patriots who love their neighbors and their country.

#### GOOD WILL DISPLAYED DURING MISSISSIPPI RIVER FLOOD OF 1927

In agreeing to speak here to-night I realized my opportunity to bring before this fine audience the most remarkable exhibition of national good will in America since the World War. I allude to the terrible flood in the Mississippi Valley last year, which has been well described as the greatest peace-time disaster in our history. It is not my purpose to discuss the intricate economic and engineering questions connected with this flood, nor the difficult problem of preventing its repetition which Congress is now trying hard to solve. I merely wish to show how true and good were the people of the whole country when put to the test; how they proved by actions that they are their brothers' keepers; how genuine good will was displayed in a marked degree without regard to creed, race, or color.

I preface my remarks by recalling that about three years ago a Kentucky lad was wedged in a cavern. The Nation thrilled at every detail of the heroic efforts to release him from his underground prison. Men labored frantically and millions awaited news of his escape. At last he was reached, but death had already visited his prison. Several times since then the press has related the imprisonment of many men in mines. People read of their distress and hoped for their release. However, the anxiety was less than that for the lone country lad prisoned in the earth. A mass loses individuality; it merges into a general effect. Because of this psychology, perhaps, the magnitude of the miners' predicament tended to dull the ready sympathy which flows to a single fellow-being in distress. Multiply the case of the Kentucky lad by 600,000—more than half a million people in distress—and you will realize the magnitude of the Mississippi River flood of 1927.

#### THE RED CROSS BEGINS RELIEF WORK

Nature began setting the stage for the flood in August, 1926. All the land in the valley became saturated with water and was unable to soak up more. Rivers and streams in 31 States began to swell with rain water. They ultimately found their way to the mighty Mississippi, the Nation's drainage ditch, which became a turbulent, swirling, raging torrent early in the year. The waters poured through its channel, winding and rushing to the Gulf. Levees began to break in April. Homes were swept away, crops ruined, about 200 human beings and many thousands of livestock were drowned, farm implements destroyed, labor disorganized, people were driven from their homes, and vast numbers were marooned. The immense watery desert covered 20,000 square miles in the valley, which was damaged to the extent of approximately \$300,000,000. From Cairo to the Gulf, a distance of a thousand miles, most of the land was under water, the width of the flood area reaching 80 miles in some places.

Governors and other officials in the valley States pleaded for boats, food, and clothing. Quick relief was needed. All eyes turned to the Red Cross, an international good-will organization which assists all human being who are in distress. Its past achievements have proved that it raises no barriers of wealth, occupation, religion, or race; that it has no political beliefs and recognizes no creed save that of service to suffering humanity. It immediately went into action and to its wonderful work in the stricken valley, I wish to pay just tribute. It



opened headquarters in Memphis, Tenn., and sent trained workers to all critical points—to concentration centers, supply stations, and communities where levee breaks were expected. In that office the rescue work centered. A network of communication was established with all segments of the organization and all parts of the danger zone. The telegraph, telephone, and radio were brought to bear on the problem. A radio station was set up in the headquarters and 12 field radio units of the Signal Corps of the Army were scattered over the area at points where communication had already been washed out or where expected breaks would effect this in a few days. Supplementing these were river boats equipped with wireless, which formed part of the Red Cross fleet.

#### THOUSANDS ARE RESCUED BY RED CROSS

A rescue fleet was mobilized. Barges, side-wheel steamers, Mississippi River Commission boats, and every craft on the water was conscripted. Graceful pleasure yachts and odiferous fishing boats worked side by side. Patrol boats of the United States Coast Guard came at full speed to the scene of distress. Small power boats poured into Memphis by the carload. This great fleet sprang into existence almost overnight.

In the meantime the waters were rising and spreading in all directions. Quick action was necessary, for when a levee broke boats had to be there to save people in the path of the water. On a huge map in the Memphis office the location of every "mother ship" and her little fleet of small boats was recorded hourly. A plea for help would come to headquarters and immediately the boats nearest the new break would be directed to rush to the rescue. A few hours later hundreds of half-clothed, starving, weary refugees would joyfully sight the rescue ship fighting the torrential currents to get to them. Many acts of heroism by Red Cross workers and others went unnoticed which in normal times would have won the applause of the Nation.

One dark night a lone little woman was seen braving the raging Mississippi in an open launch. Her destination was Red Fork landing, in Arkansas, where a thousand refugees were marooned on a levee. Her small boat was loaded with food. Alone she crossed the river from the Mississippi side and gave provisions to the sufferers sufficient to keep them alive until a steamer could fight its way up the river and rescue them. She did this after one steamer had already tried unsuccessfully to brave the current earlier in the day.

Clinging to a levee in an almost inaccessible place stood 500 persons, half clothed, some of them sick, and one dying from a snake bite. Boats had tried and failed to rescue them. An old river captain turned a deaf ear to advice that the place was inaccessible. He knew a short cut to the levee; he turned his boat into a narrow bayou that was roaring like a miniature Niagara Falls. He plunged in, full steam ahead; great cypress trees were on either side of the boat, allowing just room enough for the vessel to pass. Slowly he moved on with the cumbersome river packet. A few hours later he returned to a Red Cross landing with the lone comment: "Dar's your folks."

For hours and hours a man had been maneuvering a small boat in and out among trees, over miles of yellow, muddy flood waters. He had naturally supposed that he was alone on this vast area of water. Suddenly he heard a plane overhead. The pilot swooped down with motor silenced. "Follow me!" he shouted to the boatman. The latter, startled and bewildered, gazed skyward whence this strange command had come. A moment of doubt, hesitation, indecision; then he swerved his little boat around and went at full speed in the plane's direction. Finally the plane seemed to pause in midair over a lone tree. The pilot circled it three times. The boatman steered ahead. Clinging desperately with one arm to a limb he found an exhausted, frightened woman and brought her to safety.

#### GOVERNMENT DEPARTMENTS RESPOND

It is impossible to estimate how many lives were saved by the fearless aviators. For several weeks they flew over the flooded area spotting stranded refugees, reported to the Red Cross where levees were "going out," and gave a daily picture of the entire situation. Dispatching emergency supplies of medicine and food, and transporting nurses, doctors, and other personnel were other functions of this squadron.

The relief organization of the Red Cross had the entire facilities of the Government at its disposal, without which the effective work to its credit would not have been possible. Airplanes, seaplanes, radio units, tents, cots, blankets, field kitchens, health officers, sanitary engineers, boats, and other equipment were procured from various governmental departments. The railroads throughout the valley rendered invaluable service during the disaster. Supplies were sent to concentration centers by the speediest routes. Passenger and freight trains speeded to the rescue of thousands when new breaks in the levees occurred, etc.

People outside the valley grew anxious for their fathers and mothers, sons and daughters, sweethearts and friends, living in the flooded areas. The bond of union always maintained by the Post Office Department was disrupted, but not discontinued. Through the tireless efforts of its agents, the mails moved and thereby kept those separated from home posted on the safety of relatives and friends.

#### SIX HUNDRED THOUSAND PEOPLE UNDER RED CROSS CARE

With the rescue work completed, the Red Cross turned its attention to the next phase of the giant task it had undertaken—caring for the refugees. On April 15 it had 25,000 flood sufferers in its charge. A week later this number had grown to 75,000 and rapidly increased, until finally 607,000 persons were being fed and cared for by this great altruistic organization. Twice it appealed to the country for \$5,000,000 and in each instance the amount was oversubscribed within a week or 10 days after the issuance of each call. Big-hearted Americans gave more than \$17,000,000 to the cause. Besides this relief fund from hundreds of sources, too numerous to mention, donations of supplies and services poured in. Carloads of food and clothing streamed in from Maine, Florida, California, Texas, Washington, and from practically every State in the Union. Never has this country seen such a spontaneous outburst of generosity and good will.

Approximately 150 refugee camps were established and the homeless were supplied with clothing, food, medical attention, and shelter. As is customary in all disasters, the responsibility for health work lies with State boards of health and the United States Public Health Service. In a supplemental way, however, the Red Cross expended huge sums in disease-prevention work. The magnitude of the health program surpassed anything of its kind ever attempted in America.

#### RECONSTRUCTION WORK

For weeks and weeks the camps were meccas for the refugees. Finally the waters receded. The empire had to be rebuilt and to that end the Red Cross worked hard. As the refugees returned to their homes, their quarters were screened and protected from mosquitoes, flies, and other germ-carrying insects. Tons of lime and other materials were used to combat the insanitary conditions, due to the presence on the land of dead animals and other debris. As a result, there was no serious outbreak of disease, and, as a matter of fact, health conditions have actually been better in the valley than they have been for several years.

While reconstruction needs of families differed in various localities, the main items supplied by the Red Cross were food, feed for livestock and poultry, clothing, medical aid, seed, household furnishings, building and repairs, livestock and poultry, and farm implements.

Nearly a year has passed since this great disaster, and I am sure the consensus of opinion throughout the Nation is that this chapter in American history has been closed, but it has not. Although the huge reconstruction program of the Red Cross draws nearer to completion, on January 9, 1928—just last month—the relief organization was still feeding 20,374 persons. However, economic, agricultural, and social conditions in the valley are progressing rapidly toward normalcy. It is rising from its ashes and has resumed its march of progress.

#### THE HEART OF AMERICA IS GENEROUS

The flood is now a thing of the past, but the outburst of good will displayed during the disaster will always be remembered by the grateful people of the valley. The heart of America is generous. Our shores have attracted the sons and daughters of all the races of the world and enjoys more than any other nation the unique mission of a broadcasting station for world brotherhood and good will.

If America is to rise to the sublime heights for which we believe she is destined, it is because we have striven to substitute justice and understanding for rivalry, jealousy, and prejudice.

#### THE STORY OF AL SMITH

Mr. COPELAND. I ask unanimous consent to have an article written by Ray Tucker, one of the newspaper men in the press gallery of the Senate, published in the American Review of Reviews for February, inserted in the Record. It is entitled "The story of Al Smith."

There being no objection, the article was ordered to be printed in the Record, as follows:

Were it not that politicians are flighty fellows and soon stampeded, Alfred E. Smith's followers would have seen no cause for concern in the battle which Theodore Roosevelt was giving their idol for the governorship of New York in 1924. But at the moment the Smith people were highly apprehensive and emotional from the setback their hero's national ambitions had suffered at Madison Square Garden, and they took alarm at shadows. The governor's advisers came to regard Teddy as the toughest foe the happy warrior had faced since he first toed the mark for his long string of political victories back in the freebooting Tammany days of 1903.

By the time that Smith rode into Buffalo in the waning weeks of campaign the so-called insiders of Tammany Hall were frankly worried, and none more so than the board of strategists touring the State with "the gov'nor." They grew critical of the perfunctory fight he was waging. Thoughtful speeches on the problems of State government, they cautioned him, would never, never do. He must hit harder, demolish his young opponent with outright blows, and crush his pretensions to the executive mansion of the Empire State.

"Nope," replied Al, "you're all wrong. I'll win sympathy for him if I go after him too hard. I'll put myself in the position of a hard-boiled, elderly prosecutor demanding the death sentence for a boy in his teens. I'm going to let him hang himself, and all he needs is a little more rope. I was young myself once, and I know how they act."

Al was grinning now—a golden grin of pleasurable reminiscence and Gothic dentistry. His small eyes narrowed to slits of mischievous gray, his sharp chin stuck out, a sly smile played about his thin lips. He was not attempting to expound reactionism, individual complexes, or political strategy; without conscious effort he was dissecting human nature as he had found it in brushing both rough and polished elbows with it in a life bare of book knowledge, but brimful of living and Tammany teaching—an amazing and vicissitudinous career during which, in much the same manner as Fra Filippo Lippi, he has acquired a photographic understanding of the public temper that makes him one of the wariest and most dangerous foes in American public life.

"This young man," he mused, "is having a wonderful time. The big bosses are telling him he's a wonder; that he's in already. They always do; that's part of the game. Pretty soon the red fire will dazzle his eyes, the bands and the cheering will pound in his ears, and his head will swell. It happens to all of us when we're young. He'll begin to believe what they tell him and try to live up to it. He'll talk big and careless-like—and then I'll smash him."

There was no kindness in Smith's voice now, and before the harsh realities of practical campaigning which he pictured his counselors remained silent. Meanwhile his opponent continued his whirl about the State, and soon furnished the opportunity which Smith had predicted. Addressing the students of Hamilton University, Roosevelt congratulated them on their football conquest of Colgate. When collegiate mutterings warned him that he had fumbled the ball he begged them to assure him he was correct in his assumption that they had defeated their historic rivals.

"We lost," roared the misunderstood young men; whereupon Teddy turned to a group on his train platform and demanded, "Who told me that?"

The campaign might as well have ended there. It was the break for which Smith had been waiting. Thereafter, whenever Roosevelt discoursed on State finances, water power, education, the direct primary, or industrial legislation, Smith had but to ask: "I wonder who told him that!" With his almost perfect mimicry—in his youth Frohman tried to lure him onto the stage—Smith soon had the whole State laughing, and on great gales of merrymaking at his opponent's expense he was swept into office by a plurality of 107,000. That President Coolidge carried New York by 850,000 rendered the triumph all the more notable and significant.

Smith's whole career, in fact, has been one of waiting for the breaks, although there were years in which he dared not move to make them, and when he was the servant rather than the master of Tammany Hall.

#### THE SIDEWALKS OF NEW YORK

Smith was 30 years old when he entered the legislature, and he had revealed nothing of the ability which at 30 often marks men of final accomplishment. Nor was he, when "Big Tom" Foley nominated him for the assembly in the autumn of 1903, making much effort to prepare himself for the day which would bring opportunity or Tammany Hall knocking at the door of the shabby tenement in South Street, in which he had been born. At 30 he was wholly absorbed in the work and play of a young man on the lower East Side, where he had gained a local reputation as a cyclist, an amateur actor, a youngster of flashing Irish wit, and a son who was devoted to his mother.

The East Side of the eighties and nineties, in which Smith spent his boyhood and came to manhood, was vastly different from the East Side of to-day. Then it was rich in the humanities of companionship and conversation, knowing and yearning not for such manifestations of modernity as darkened and silent movie houses, motor cars, and jazz for two. Church sociables, picnics, and square dances, reached by travel in such gregarious vehicles as sleighs, buggies, and horse cars, tended to exalt forms of contact which were more lasting, though mayhap less stimulating, than modern society's mad dance of pleasure. Into this friendly and fertile soil Smith's roots go deep.

Although the death of his father interrupted his formal schooling at 13, it did not seriously alter the general trend of Smith's life. After a few years in an oil store, he obtained employment as checker in a Fulton fish market stall, and his years among the fish loom as large in his public career as the cherry tree in Washington's, the log cabin in Lincoln's, and the sap bucket in Coolidge's. With the brown derby which sits astride his pear-shaped head, his tilted cigar, his ageless grin, and his throaty voice booming out "The Bowery" or "The Sidewalks of New York," that fish market has always been good for headlines and votes.

As he approached manhood he left the market. He was working as a laborer in a Brooklyn pump factory when Foley picked him out from the gang that loitered around the Tammany clubhouse of the district, and nominated him as an assembly candidate in place of a man who

had refused to do the bidding of the boss. It was hardly an auspicious beginning for the Smith who was, years later, to free Tammany of much of the odium born of its arbitrary attitude toward the individual and society. But such thoughts were apparently farthest from his mind at the moment; he was, it would appear, quite content to enter public life as the embodiment of the punishment which Tammany Hall summarily meted out to mutineers.

#### EARLY DAYS AS AN ASSEMBLYMAN

Few men have entered the Legislature of New York State with less visible equipment for political recognition and advancement than this assemblyman from the first Manhattan district. Neither he nor his associates sensed then how far his East Side training, his personal charm, his natural ability, and his fierce determination to succeed would carry him.

It was not until years later that Tammany, as well as the people of the State, were to recognize that he possessed that elusive, indefinable quality of character and personality which in some men flames into a genius for leadership in a country like the United States. For his present-day power over men and measures—and over himself—was slow to develop.

In those early legislative days his limitations appeared almost insuperable, and he was about ready to return to the fish stall or the pump factory.

"I was pretty discouraged," he explained many years later. "Tommy Cosgrave, another first-termer, was with me the night we took a pile of bills to our small hotel room. We spent an hour looking over those things beginning 'be it resolved,' and then we went for a walk along the river."

"Tommy," said I after a bit, "we're in the wrong place. Whoever thought we were assemblymen?"

"You're right," said Tommy.

"Yes," said I, "we can tell a hake from a haddock by the color of his eye, but we can't tell a bill from a bale of hay."

Smith stuck, although for two years his only legislative contribution was the introduction of six local and unimportant measures. But he was all ears and eyes. He gave close heed to the orators and parliamentarians of the day, and, later events were to show, he missed not a maneuver of Boss Barnes's Republican black cavalry as it rode roughshod over the Democratic minority.

Meanwhile he studied both the form and substance of resolutions, reports, appropriation bills, ancient and modern statutes, and legislative history, further enriching his political background through talks with veteran members. For literature, philosophy, and the elusive arts he had no time; it was practical information he was seeking. Most of his knowledge, in fact, has been acquired in the Socratic manner, and to this day he bases his most important decisions on data submitted orally by experts on any given subject.

His maiden speech, in retrospect at least, was not a happy one. It was delivered, apparently, because he felt that his support of such a measure as an election-recount proposal required an explanation, and for the further reason that the whole Tammany delegation had voted against the bill at the previous session.

"Mr. Speaker," said Smith, "I want to tell a story about two Scotchmen in explaining my vote. Said Sandy to Andy: 'Andy, why do you drink whiskey?' Answered Andy: 'For medicinal reasons; but, Sandy, why do you drink whiskey?' 'Because I like it,' replied Sandy. That's why I'm voting for this bill, Mr. Speaker—because I like it."

Smith was not quite candid with the Speaker, however, for it appears that he supported the measure because Mr. Murphy liked it. And for a dozen years the young legislator's conception of the obligations imposed on him by his oath of office was not different from that faintly expressed in his Sandy-Andy speech. As an inconspicuous member of the legislature, he always voted with the organization. Increasing influence meant little more to him than greater capacity for executing the orders of the boss.

His test of most measures, it appears, was their effect on the fortunes of the organization. During those years when the first flashes of liberalism were casting their radiance across other States, notably New Jersey under Woodrow Wilson and California under HIRAM JOHNSON, the Tammany group at Albany, under Smith's delegated domination, was killing most measures designed to strip the State of bossism and corporation control. To a friend who tried to interest him in the Johnsonian reform movement in California, Smith retorted: "I'd rather be a lamp-post on Park Row than Governor of California."

Despite these barren years, there were frequent and vivid flashes revealing deep springs of humanity and sincerity and conviction in the man, as well as a critical faculty which sometimes subjected the sham and shallowness of the organization's motives and pretensions to severe scrutiny. Moreover, in caviling at Smith's subservience to the boss, it is quite possible to overlook the fact that both Republicans and Democrats gave the people of New York about as good a brand of government as they voted for or deserved. The great body of public opinion and the voters furnished the bosses and their henchmen with little incentive for adopting the ideas advanced by sane and honest liberals. But even had Smith been conscious of a political universe



which did not revolve around Tammany Hall, he would not have attempted to upset Murphy's interplanetary arrangements.

"The leader of a parade," Smith once remarked regarding the regimentals of politics, "should never get too far out in front. He might lose his gang."

Tammany, in truth, was in sore need of a leader of the parade at the moment. The golden age heralded by Murphy's 10-year record of local and State successes had shown signs of tarnishing, and there was muttering within the wigwag on Fourteenth Street. As a result of a remarkable series of disasters, there was a growing fear in Tammany that the historic institution could not long survive.

In the fall of 1914, for instance, the Democrats had lost their four-year grip on the State government through the election as governor of Charles S. Whitman, who had lost no time in capitalizing the notoriety he received as prosecutor of Police Lieutenant Becker and his gunmen pals. At Washington, where William Gibbs McAdoo was dispensing New York patronage to anti-Tammany men, the New York machine was in high disfavor.

#### THE BIRTH OF A NEW TAMMANY

In retrospect, it seems that from that blazing hot day at Baltimore, when impartial sunbeams shone on Bryan's bald pate, Murphy's graven visage, and Smith's flushed face, Tammany had steadily assumed the ugly aspect of a political outlaw whom anybody could shoot or slander on sight. Smith, incidentally, played a minor rôle in these organization tragedies. He was forced to sit, silent and resentful, while Bryan heaped contempt upon the man who had elevated him from a fish stall to the diamond horseshoe of politics. And though it was Murphy who cut off Sulzer's head, Smith, as majority leader of the assembly at the time, helped to give the weapon its keen edge.

It was from such travail that the modern, much-improved Tammany and the new Al Smith were born. Even Murphy could not remain unmoved by these flings of an outraged public opinion, and certain it is that the younger group in Tammany sensed the new tempora and mores. Such far-sighted leaders as Smith, Senator ROBERT F. WAGNER, and Surrogate James A. Foley, who had hitherto acted merely as Murphy's agents, now became indispensable in the more important and independent rôle of advisers; and at the time of his death in 1923 the grizzled old warrior had been borne far from his ancient moorings by the tide of reform.

It is not to be supposed, however, that Smith was immediately responsive to the chastening influence of political adversity, or that these organization fatalities at once gave a new direction to his life. There was no bound of heaven chasing Al into the fold of the politically pure in heart, although there did seem to live in him some spark that stirred and glowed at the releasing of fresh social, economic, and political forces in the years following the outbreak of the World War. But a great deal more than the slaying of an underworld squealer, the impeachment of a Sulzer, and the loss of a few elections went into the shaping of the present-day Al Smith.

#### RESULTS OF THE TRIANGLE FIRE

Against this sinister but stimulating panorama of politics was to be projected his service as vice chairman of the legislative committee which investigated one of the most shocking holocausts that ever appalled Manhattan—the Triangle fire. Upon the individual tragedies of 146 girls, whose bodies fell in flames from the lofty stories of a factory fire trap, did the new Al Smith, phoenixlike, arise.

Smith was one of the most active members of the committee, whose methods are still a model. The group held hearings in many cities of the State, exposing to public view the dark and loathsome depths of an organized system of industrial slavery erected upon the degeneracy and degradation of the sweatshop, the employment of women and children in unhealthy surroundings, underground bakeries, canneries, and human incinerators. New York for once had a look at the raw.

From the two-year inquiry the investigators emerged with a different scale of human and political values. Smith, for one, sensed that "a State's resources are not its factories, its mountains, and its streams, but its men and women and children." Smith, moreover, came to look with new eyes upon the group of men and women who for years had cried out in vain against just such a feudal organism. These were, for the most part, men and women of the Hebrew race—men and women of ideals and intelligence. Although it had required a Triangle fire to gain them a hearing at Albany, the delay was, perhaps, worth while, for the committee prepared and had adopted a labor code which became the model for a score of States and several foreign countries.

There was, indeed, an enduring influence entering Smith's life as a result of this contact with Hebrew idealists of East Side settlement houses. It was this meeting of the representatives of two down-trodden races, both gifted with a certain genius for government, however, which has contributed most to the Smith of the last decade. The man who had formerly looked upon government as a game of politics was now brought into association with a race which has always regarded government as one of the social sciences.

During this same fruitful period Smith came under the influence of another strange brood of legendary folk, for such they must have appeared to our political realist—men who gave no ear to the boss and

gazed with suspicion upon all proposals bearing the organization stamp. These were the young assemblymen and senators, captained by Franklin D. Roosevelt, who successfully resisted Murphy's efforts to impose a hand-picked candidate for the United States Senate on the legislature. They had been elected from Republican strongholds in the Democratic landslide of 1910; they had neither hope of reelection nor hostages to ransom.

So they snapped their fingers at the boss and hurled some plain truths at his legislative representative. They taunted Smith for his subservience and flung his oath of office in his face. Smith, no doubt, suffered emotions akin to those of a sophomore who learns, some starry night in a campus talk, that there are men who do not believe in God—or in his God. Smith's orderly universe was becoming chaos. Most enlightening and disillusioning of all, these young rebels won their fight on the boss.

#### A FIGURE OF RENOWN AND INFLUENCE

Fortunately for Smith, this period of awakening was closely followed by one of incubation. In 1915 the organization permitted him to quit Albany, and he was elected sheriff of New York County. Had he returned to the legislature, he might have remained a victim of treadmill politics; the machine's burdensome and blighting demands might have continued to fetter him. But as sheriff, and later as president of the board of aldermen, he found himself in a position to slough off some of his personal responsibility to the organization and to possess his soul. He remained a Tammany man in good standing—he always will—but with some reservations, perhaps.

The public caught its first glimpse of the changing Smith when, as a delegate to the constitutional convention of 1915, he astounded such Republican veterans and former Cabinet members as Elihu Root, George W. Wickersham, and Henry L. Stimson by his knowledge of the theory and practice of State government.

There was hardly a subject of which he was not the master, and he moved easily through the scene as a dominant figure. His Irish humor and racy anecdotes drawn from his Albany experiences illumine many of the pages which record the three months' debates and discussions. He proved a veritable child in the temple, and the sages gave him ear. Root called him "the brainiest member of the convention, remarkable and brilliant," and Wickersham said he was "the most useful." Thenceforth he was a figure of state-wide renown and influence, and he proved it almost immediately when his speaking tour about the State sent to defeat the charter he had helped to frame.

He was quickly accorded recognition for his performances on the convention floor. Republican leader writers, preachers of reform, and anti-Tammany Democrats hailed him as "a candle in a naughty Tammany world." Even Woodrow Wilson, despite his coolness to the New York organization, gave his benediction when Smith was elected governor in 1918. Writing to a friend who had expressed a fear that the new governor might not cooperate with the national administration, Wilson made this statement:

"I do not think you need have any fears for Governor Smith. He seems to me to be a man who has responded in an extraordinary manner to the awakening forces of a new day and the compulsion of changing circumstances."

#### A GOVERNOR FOR THE PEOPLE

Governor Smith's first message to the legislature was characterized as "bolshevik and socialistic" by Republican leaders at Albany, and so it must have seemed to them. In Smith they were to encounter a man whose legislative program was compounded of his experiences and observations on the East Side, which had become a slum district before he moved from Oliver Street to the Biltmore Hotel, of his association with idealistic social workers of the metropolis and of his Tammany instinct that "the human stuff" was good politics. All these made for a liberalism directed more to bodily betterment than to building more stately mansions for the spirit. His most radical social theory has been health and maternity insurance; his most advanced economic proposal has been that the State should delegate its right of eminent domain—the right to control private property for public purposes—and assist corporations engaged in building homes for low rentals.

In late years he has shown a great interest in political reform; his demands for modernization of the State government have antagonized such diverse elements as the Republican Old Guard and Tammany Hall ancients. For the direct primary and similar advances he is as keen as he was apathetic in his early days. Likewise, his appointments have had a nonpartisan cast—his executive secretary is a staunch Republican—and he has recognized ability and the merit system to a greater extent than his predecessors. It is, indeed, a changed Al Smith who now boasts of his success in urging the electorate to adopt constitutional amendments providing for the short ballot and consolidation of 165 departments into 18. The Smith of 1903-1915 would have bemoaned the loss of so many fat jobs for the boys; but age, ambition, and responsibility have sobered him to such a degree that he is now acclaimed as the State's foremost exponent of economy and efficiency.

Politically, his achievements are worthy of note in that he has wrested most of his program from hostile legislatures.

\* His appeals to the people over his opponents' heads have almost invariably resulted in their complete capitulation. His enemies, in fact, have been the architects of much of his popularity; they have frequently challenged him to battle on his most attractive proposals and provided a battle field whereon he has indeed shone as a happy warrior. His particular Goliath has been William Randolph Hearst, the millionaire publisher-politician. For more than a decade the two have been sworn foes, but the erstwhile fish boy has always emerged triumphant from their clashes. In 1922, when Hearst sought the Democratic nomination for United States Senator, Smith braved the wrath of half his party to stand astride his rival's path. Again in 1925 Smith proved the better man when he drove from the City Hall John F. Hylan, Hearst's burgomaster, only four years after "the pee-pul" had elected him by a plurality of 417,000.

#### BRANDED AS A "WET"

Unfortunately for Smith, his achievements as an executive and administrator have been overshadowed by the leading rôle he has occupied in the assault upon prohibition. For every voter who knows of his actual accomplishments as chief executive of the greatest State of the Union, there are probably five who know of him as the aggressive champion of the wets.

For such an attitude Smith has none but himself to blame. It was he who induced the legislature to adopt a 2.75 per cent beer bill as a test of the Volstead Act's limitation of alcoholic content to one-half of 1 per cent. Though the United States Supreme Court held this measure to be unconstitutional, Governor Smith continued to win votes on platforms favoring the return of light wines and beer. His other overt acts on behalf of the wet movement were his sponsorship of repeal of the State enforcement law and of the modification referendum that won in the 1926 election. For these things the dries will never forgive him, nor will he ask forgiveness.

Despite the dry's conception of him as a "nullificationist," he is not the extremist painted by inhabitants of the Bible belt. Never has he advocated repeal of the dry laws; he has merely urged modification of the Volstead Act within the limits of the eighteenth amendment.

In fact, his delay in signing the bill repealing the State enforcement act caused considerable concern in Tammany Hall. For one who first discerned the working man's need of a drink while lawful pails of suds swished through the East Side at the vesper hour, Al certainly gave a bad 30 days to the boys. Adopting his best judicial manner, he took the whole month allowed by law to consider his decision, gave the dries their day in his court, and then found that, "though the saloon is and ought to be a defunct institution, the definition of an intoxicating beverage in the Volstead Act is not an honest or a common-sense one." This was fairly strong stuff in 1923, when most elective officials were disposed to regard the Volstead Act as a dispensation from on high, but it was hardly the battle cry of a "nullificationist."

Of late years, it would seem, Governor Smith has placed equal stress on the necessity for enforcement. He has fathered frequent admonitions to the effect that peace officers must not consider themselves relieved of enforcement obligations because of the repeal of the State dry act. His 1927 message to the legislature was especially forceful on this point. In fact, so eloquently did Senator COPELAND elaborate on Smith's enforcement record during a Senate debate that Senator BORAH, apparently scenting some kind of tergiversation, arose to inquire if "we are now to understand that Governor Smith is in favor of prohibition."

Though Governor Smith's religion may prevent him from winning the Democratic nomination for President, as it did in 1924, those who attribute to him any of the qualities of the professional religionist misunderstand the man completely. His knowledge and acceptance of Scriptures, for instance, are almost as literal as were Bryan's, and the finely spun niceties so dear to formalists and theologians are entirely foreign to his direct and realistic nature.

It was not Smith's religion, however, so much as what he epitomized that raised up the forces of prejudice against him at Madison Square Garden. To the delegates from the South and West this easterner in the brown derby appeared as the spokesman of the masses—of tenements, of municipal machines, invading foreigners, insolent wets, liberals, clubs, and New York—all the forces deemed wicked and unholy. In their mind's eye the simple folk who burned incense and fiery crosses to Saint McAdoo saw massed behind Smith the host of visionary destroyers of all that is pure and lofty in lives led beneath fundamentalist steeples. Unfortunately for Smith and Nation, his worshipers gave substance and color to this Dantesque delusion. The Tammany camp followers, in their simple and stupid way, did irreparable damage to Smith's cause by proselyting methods which grated on the sensibilities.

#### THE HERO OF THE MASSES

But the wistful picture of Smith's idolaters striving so pathetically to gain an empty crown for their hero was typical of the man and his amazing appeal. He could have silenced the claque by a word, for Tammany functions like a well-drilled army, including the children of the tenements. For want of any other explanation for his failure to do so we may accept that given by his close friends. They say

that he did not have the heart to stay the mob, recognizing his many debts to them, and the further fact that their affection for him is the most joyous thing in many a life otherwise drab and inarticulate.

Maybe so. In any event Smith's appeal to the masses is almost unbelievable and unexplainable. The hypothesis that they see in him the first outstanding representative of the immigrant group is interesting, but it falls far short of explaining a man who can command larger votes in many up-State communities than local candidates. It does not account for his strength among hard-headed and conservative Republican business men whose ancestors were petty officers aboard the *Mayflower*—a strength reckoned at 100,000 votes in New York City alone. Nor does it explain why the citizens who vote for the Hardings and Coolidges split their ballots Smithward. Originally, it would appear, his appeal was almost wholly personal and primitive, fiercely so. He came at a time when the great ones of State and Nation were aloof personalities, and there were surprise and drama in his coming. But he would have disappeared as quickly had it not been for the experience, knowledge, and skill in government he had amassed.

His staying power lies in the political characteristics which he has acquired—and used. No man in public life to-day possesses more personal charm—his enemies admit it—and his is a personality that would prove as effective in Iowa as in cosmopolitan New York.

His grin framed in the door of a hall transforms and transfigures an audience. The throng smiles, shouts madly, glows, yells, calls him by name and nickname, tries to touch him, to shake hands with him, to gain some special attention, and a large portion of it weeps from the sheer thrill of sharing in such a close-ordered demonstration of human emotion. An incident at Elmira during the 1926 campaign was typical. As "Al" came striding along the railroad platform to his car, a gray-haired brakeman in greasy clothes caught sight of his excellency in the brown derby. The railroader stopped short and his lips parted as he started to accost the gov'nor. For a moment he seemed to waver, but at last he ventured a timid and low "H'lo, Gov'nor." Smith, who was mounting the steps of his car by this time, turned, swung to the platform, and advanced, his arm outstretched and that golden grin on his lips.

"Hullo, pop," was the governor's husky-voiced greeting, "How the hell are yuh?"

As the gubernatorial train drew out some minutes later, the brakery stood there immobile, seemingly transfigured, his left hand caressing the one that had reposed in the good right hand of Al Smith.

Smith's friends insist that if he could meet and grin at every member of the electorate as he grinned at that brakery on the Elmira Railroad platform, he could be elected President—and he probably could.

#### FLOOD CONTROL

Mr. McKELLAR. Mr. President, there is a very excellent editorial in this morning's Washington Post on the flood control bill. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### THE FLOOD CONTROL BILL

The House Committee on Flood Control has reported out a bill drafted by its chairman, Mr. REED of Illinois, providing for control of the Mississippi River. The bill authorizes the Government to assume the entire expense of flood control and creates a commission to take charge of the work to consist of seven members, four of whom shall be engineers or scientists appointed by the President. The remaining three, presumably, are to be members of the Corps of Engineers, United States Army. Supervision of the work would be taken from the Chief of Engineers and placed in the commission. No specific plan is outlined by the bill. The commission to be created would be at liberty to adopt the Jadwin plan in whole or in part.

This bill meets the public demand that the Nation shall take control of this undertaking and pay the entire cost of the work. Possibly the proposed commission should be larger in order to provide representation for various necessary engineering specialties. But whether large or small the commission should be composed of civilian as well as Army engineers, and harmony between them would be promoted if a business executive of commanding ability were made chairman of the commission.

That the United States must undertake this gigantic work and pay for it is a foregone conclusion. The difficulties in the way of apportioning part of the cost to the lower Mississippi States are insuperable. No method can be found for justly apportioning their share of the cost. No State has the right to expend money for enterprises outside of its boundaries. But beyond these difficulties arises the outstanding fact that the lower Mississippi States are not responsible for the floods and should not be taxed to control them.

The Mississippi River is a national stream, draining many States and benefiting or damaging the American people, as the case may be, without regard to State lines. The lower States have already taxed themselves for scores of millions for local protection, only to be overwhelmed last year as if they had not spent a dollar. They can not control the river. If the Nation is in duty bound to pay for any part



of flood-control work, it is bound to pay for all of it. The river is not the property of any State or group of States. It is the property of the United States, and the owner is responsible for the damage done by his property.

General Jadwin has evolved a plan for controlling the Mississippi. Some parts of his plan are feasible and doubtless will be adopted. But he has not had time to make a survey complete enough to make it absolutely certain that his plan takes care of all the essential factors of the problem. His plan must be scrutinized and amplified by the best engineering ability at the command of the United States. In particular, the financial features of his plan must be revised if the work of controlling the Mississippi is to be finished in reasonable time. If his plan to compel States and localities to pay part of the cost should be adopted, legal and other delays will prolong the undertaking into the far future.

What the country wants is to see Uncle Sam take off his coat, roll up his sleeves, and build works to endure for all time, so that the Mississippi River shall never again inundate the valley. This is a job three times as difficult as the building of the Panama Canal, and it will cost at least twice as much.

#### NATIONAL PARK IN FLORIDA

Mr. TRAMMELL. Mr. President, I have pending in the Senate a bill providing for an investigation to determine the advisability of the location of a national park in the State of Florida. I have here expressions upon this subject from ex-Congressman Slomp and from the senior Senator from Massachusetts [Mr. GILLET] expressions recently uttered by them in my State. I desire to have them printed in the RECORD, if I may have unanimous consent.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From the St. Petersburg (Fla.) Times, December 21, 1927]

SLOMP PREDICTS GREAT TOURIST PARK FOR STATE—VISITOR TO CITY ADVOCATES PROJECT TO BENEFIT ALL FLORIDA

Establishment of a national park of 200,000 acres or more in the southern part of the State, as Florida's best means of drawing tourists, was advocated Tuesday night by C. Bascom Slomp, former Congressman and secretary to President Coolidge, who arrived here during the day for a visit of two weeks as guest of Frank Dodge, manager of the Soreno Hotel.

Mr. Slomp held that the establishment of such a park would be of greater benefit to Florida than overdevelopment of the State's agricultural resources. He explained that this park could be set aside for the protection and propagation of animals and game native to the sub-tropical climate, which he declared was the only such tropical area in the United States.

"Congress has just established two great national parks," Mr. Slomp said, "one in the Great Smoky Mountains of Tennessee and the other in the Shenandoah Valley. There is no reason why such a park should not be established in Florida and I believe you will find favorable reaction in Congress to such a project."

"Every hotel and business man in the State would be interested, and it is something for the public-spirited men of Florida to work for."

"I would suggest the lower part of Florida far enough south to find the royal palm in its native state. Here the animal and bird life, flowers, trees, and plants could be grown. Tropical plants could be imported and propagated under natural conditions, making an attraction which would draw tourists from all sections of the world."

"The project would probably involve the National Government draining a section of the Everglades, building lodges, refuges for the animals and birds, and constructing good roads to all parts of the park, similar to the great parks of the West."

Senator GILLET was asked for an expression on the proposition of J. Bascom Slomp, made two days ago, advocating the establishment in Florida of a large national park, the 200,000 acres of which would provide a great winter contrast in palms, flowers, birds of gay plumage, and many rare animals of the sub-Tropics. The visiting Senator said:

"That would be a fine thing indeed. It would supply in the only semitropical State of the country a great resort and preserve to match the beauties and grandeur of Yellowstone Park. Here in Florida it would be within short motor-car distance of the big population in the Eastern and Central States."

Senator GILLET asked if the proposition had gone far enough to suggest in what part of Florida the proposed park might be located.

During the day Senator GILLET played on the Lakewood estate golf links. He is stopping at the Soreno Hotel.

#### PRINTING OF SURVEY OF DISTRICT PUBLIC SCHOOLS

Mr. BINGHAM. Mr. President, from the Committee on Printing I report back favorably Senate Resolution 144, and ask unanimous consent for its immediate consideration, as there is considerable necessity for haste. I ask that the clerk may read the resolution.

The VICE PRESIDENT. The clerk will read the resolution. The Chief Clerk read the resolution (S. Res. 144) submitted by Mr. PHIPPS on the 13th instant, as follows:

*Resolved*, That the manuscript of the report of a survey of the public schools of the District of Columbia, transmitted by the United States Bureau of Efficiency to Senator LAWRENCE C. PHIPPS, chairman of the Senate Subcommittee on Appropriations for the consideration of the District of Columbia appropriation bill, be printed with illustrations as a Senate document.

Mr. PHIPPS. Mr. President, I hope that unanimous consent will be given for the present consideration of the resolution.

There being no objection, the resolution was considered and agreed to.

#### RECENT DECISIONS OF INTERSTATE COMMERCE COMMISSION

Mr. NEELY. I ask unanimous consent to have read from the Secretary's desk about three paragraphs from Cushing's Survey, entitled "Setting them straight."

The VICE PRESIDENT. Is there objection? Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

#### SETTING THEM STRAIGHT

The Interstate Commerce Committee of the Senate will begin on Friday a hearing on coal-mine labor. It will spend a day in an effort to decide whether later it will conduct a thorough investigation. The committee expects to report in favor of such a hearing.

On February 23 the same committee expects to hold a hearing on the confirmation of the appointment of John J. Esch to a membership on the Interstate Commerce Commission. The two matters are sure to be tied together, because Senator REED of Pennsylvania has amended the labor resolution by demanding an inquiry as to whether rates are fair and whether any coal field has been developed prematurely under them.

The Government hired Mr. Esch to do a job—to decide when and what rates are reasonable. Mr. Esch and the whole commission decided to do another job—to modify competition among shippers. The shipping public and the carriers object to such action and either want the whole commission "fired" or put back "in their places."

The biggest subject before the Senate committee is whether Mr. Esch is to get his job. He will not be tried on his record. That is good enough. No one questions it. That is, Mr. Esch's brilliancy would never set the world afire; still, he is no dullard. He is patient, plodding, honest, and straightforward—a first-rate example of that average ability which makes up the rank and file of those who live by politics. Therefore the objection to Mr. Esch has nothing whatever to do with Mr. Esch in person; it concerns itself almost solely with the commission's attitude toward business as a whole. What the Senate committee is about to investigate is not the personal record of the President's appointee but the mental twist of the commission to which he has been appointed. This is an investigation of the Commerce Commission over the unoffending and unimportant shoulders of Mr. Esch. And if you want to know what that is all about, you might read—or try to read—a recent editorial in the Saturday Evening Post.

In a recent issue it prints a two-column editorial on the subject. As is its custom, it starts this editorial off with a brief history of the world, followed by a succinct résumé of ancient and modern philosophy. At the end of a tedious prelude, it gets to the point, namely: The commission was appointed to say when rates are reasonable, to the end that commerce may move and the railroads remain prosperous. Lately the commission has assumed that its mission is to equalize prosperity among the shippers. The Saturday Evening Post holds that the commission is not and never was designed to be the guardian of sectional prosperity. That is outside its line—is none of its business.

The Virginia Legislature passed, on February 3, a resolution which goes much further. It says that whereas the Constitution declares positively against impost duties—that is, against any tax upon commerce moving from one State to another—the commission has gone infinitely further, and has, by rate regulation, embargoed the commerce of Virginia and near-by States in certain markets for the purpose of favoring shippers in others States. The Saturday Evening Post makes the same point. It says that the commission has tried by rate regulation to tear down the fruit business of one section and to build up the fruit business of another section.

It happens that Mr. Esch, when a member of the commission, voted that policy into effect. He has now been renominated. The Senate is holding up his confirmation until it can determine whether the commission is doing its real job and what sort of notions that body has adopted. One man expressed the whole situation here recently when he said:

"Association secretaries frequently forget who they are working for and want to run the business of their employers; they must be set straight. The commission is now in the same frame of mind and must be told where it gets off."

Mr. REED of Missouri. Mr. President, the article just read I had not seen, but it is an appropriate prelude to the remarks I intend to make.

A few days ago the Senator from Arkansas [Mr. ROBINSON] introduced, and the Senate adopted, a resolution touching this same subject matter. I assure the Senate that I would not take the time to discuss at length this subject if I did not believe it to be one of the most important now before the American people; and I venture the opinion in the outset that when Congress comes fully to apprehend what has been done and what is being done, not only a resolution will be found necessary but positive legislation. If I may have the patience of the Senate, I shall try, in a condensed form, to lay the facts before the Senate, not claiming the right of any original discoverer, for the question has been discussed in many places, has been acted upon by the Legislature of Virginia, and is known to many people; and yet I do not think there has been a concise statement covering the entire question made on the floor of the Senate.

Mr. President, in the inception of what I am about to say, I want it understood that I am not making a general assault upon the Interstate Commerce Commission. It has numbered among its members many men of distinction, of the highest rectitude, and of a splendid order of integrity. However, a recent decision of the commission is, in my judgment, so revolutionary as to demand the attention of Congress. To that decision I respectfully invite your consideration.

The interstate commerce act, passed originally in 1887, was enacted to meet conditions which had then developed. At that time railroads arbitrarily fixed their charges without much regard to the cost of transportation. A rule commonly enforced was "to charge all the traffic will bear." Very frequently rate wars occurred, with disastrous results to the carriers and, generally, with injury to the shipping public.

One of the evils against which there was persistent protest was the adjustment of freight rates so as to destroy the natural advantages of a city or territory in order to benefit a community not so favorably situated. It frequently happened that enterprises having an established trade within the region naturally tributary found themselves bankrupt or compelled to move elsewhere by an arbitrary and unjust change in freight rates. Likewise, there was discrimination between companies and individuals of the same locality. Secret rebates were allowed so that favored shippers were able to destroy their business rivals. Congressional investigations demonstrated that certain great organizations, notably the Steel Trust and the Standard Oil Co., owed a large measure of their success to rebates and concessions either secretly or openly granted.

To remedy these evils the interstate commerce act was passed and the Interstate Commerce Commission was created. I desire to emphasize the fact that one of the chief evils intended to be prevented was the manipulation of rates so as to destroy the natural advantages of a community or to wreck an established business.

The Interstate Commerce Commission was to be a semijudicial body to guard against all of the evils to which I have adverted. The singular and startling irony of fate is that after 40 years of effort and litigation the commission has not only solemnly approved but has directly ordered and is directly responsible for the return of the chief of these evils, namely, it has rendered a decision the effect of which is to place a burden upon the producers of one section of the country for the express purpose of aiding the producers of another section. The action taken is the negation of the very purpose of the law. Moreover, if it is permitted to stand, then the commission possesses the authority to annul natural advantages of a State, city, or community; take away from them their trade territory; destroy investments honestly and prudently made upon the strength of natural conditions, and substitute for these advantages its arbitrary mandate.

If the power thus asserted can be maintained, it is greater than that possessed by any legislative body or any court, for no legislative body or court can deprive a citizen of his property without due process of law, whilst the commission may by a simple order destroy the property of many great enterprises and ruin the prospects of great cities and vast communities.

Mr. WATSON. Mr. President, will the Senator yield for a moment? Will it interrupt the thread of his argument?

Mr. REED of Missouri. I would prefer, if the Senator please, if he would withhold any interrogation, because I may answer in a moment what he is going to say.

Mr. WATSON. Certainly; I shall be glad to do so.

Mr. REED of Missouri. The fact that this destruction operates indirectly and may, therefore, not be strictly violative of the provisions of the Constitution, in no manner militates against the wrongful character of the act.

The decision rendered, in my judgment, is violative of the spirit of the interstate commerce act itself.

That act was intended to establish just and reasonable rates between all points; and the term "just and reasonable rates" as applied to railroads has always been held to mean rates which will produce for the carrier only a fair return upon the capital invested.

The Interstate Commerce Commission in the case I am considering has ordered certain railroads not to reduce their rates, although the roads contend that the reduced rate would be fully compensatory. Thus the Interstate Commerce Commission orders the carriers to do the very thing which the law was intended to prevent.

It is my purpose to employ the language of moderation. Yet I feel compelled to say that the decision rendered was not only revolutionary and unjust, but that it is probably the most arbitrary yet handed down by any Federal board or tribunal.

With all due respect to the commission, it seems to me that the decision is a distinct and unwarranted usurpation of power.

Besides, the decision was rendered under such conditions as to cast a cloud upon it and upon those who are chiefly responsible for it.

To understand the decision, a brief word of explanation is necessary.

There are two deposits of bituminous coal in the United States which by reason of the superiority of the coal and the facility with which it may be mined and marketed possess a great advantage in the market, and are in distinct rivalry:

First. The Ohio No. 8, Pittsburgh, and Cambridge districts, located in the State of Pennsylvania and in eastern Ohio. For convenience I shall hereafter refer to this district as the Pittsburgh district.

Second. The Kentucky, Tennessee, West Virginia, and Virginia coal fields.

These coal fields, for the purpose of rate making, are divided into (a) the Kanawha and Thacker districts of West Virginia, and (b) the other coal fields of West Virginia and the coal fields of Kentucky, Tennessee, and Virginia, hereafter called the Kentucky-West Virginia district.

A glance at the map will show that the Pittsburgh district has its natural trade territory and certain natural advantages:

First. It is not far removed from Lake Erie, which, in turn, gives it water transportation through all the Great Lakes and throughout that country which is tributary thereto. It enjoys a distinct advantage throughout all of the New England States, including New York and the eastern seaboard States, and as far south as Maryland. It also enjoys the advantage of a westward haul so far as natural proximity makes that haul feasible. That is its natural trade territory, and such are its natural advantages.

Second. The Kentucky-West Virginia district is farther removed from Lake Erie than the Pittsburgh district. Nevertheless, it is so located as to enjoy the benefit of rail connection with the Great Lakes, with whatever advantages accrue through that outlet. In addition to this, it is farther west and south than the Pittsburgh district, and has a natural territory to the west and southwest. But these latter advantages are limited because of the great deposits of coal in Illinois and in other States to the west. Hence, its chief outlets for distribution are to points upon the Atlantic coast and to points reached by the joint rail-and-water haul through the Great Lakes.

If I may pause here, if you will imagine this country with Pennsylvania lying well to the east and northeast and in close proximity to the Lakes, and then imagine the Tennessee, Kentucky, West Virginia, and Virginia districts lying farther from the Lakes, yet each of these fields finding it necessary to reach the Lakes in order that they may market their coals through all the vast territory tributary to the Lakes—if you will get that in your minds, you will have the outlines of the picture.

Mr. President, it would seem too plain for argument (a) that as a matter of justice between these two coal fields each should be allowed to enjoy the natural advantages of its location, and should be permitted to engage in fair and free competition for business wheresoever that competition would naturally spring up.

(b) That the consuming public is entitled to purchase its coals in the open market as cheaply as the coals may be produced and shipped; and that this right should not be lessened by combinations between the coal fields or their companies. Neither should it be lessened by any act of any public board, the effect of which is to increase the price paid by the ultimate consumer.

It is not open to dispute that if the operators of these rival coal fields were to combine so that one of them were permitted



to enjoy a monopoly in a certain district, and the other to enjoy a corresponding monopoly in some other district, and the consumers were thus by combination to be deprived of the benefits of competition, protest would at once be made, and it would be demanded that those engaging in such combinations should be punished for a conspiracy in restraint of trade.

Nevertheless, as I shall attempt to show, the Interstate Commerce Commission by its order has accomplished exactly the same result as might have been produced by a criminal conspiracy in restraint of trade.

Further, I shall show that the result of the order of the commission is to place an artificial burden upon the people of a vast portion of the United States, and that this result was accomplished by the order of the commission refusing to permit the carriers from the West Virginia-Kentucky district to reduce the rates on coal hauled from these fields to the Great Lakes.

The order of the commission refusing to allow the railroads to reduce their rates was made against the earnest protest of the carrier companies, which not only stood ready to reduce their rates but insisted that the rates were fully compensatory.

This startling decision demands the attention of Congress. In order to understand the effect of the last decision it is necessary to give the historical background.

Prior to 1912 the railway companies operating from these two respective fields established their rates with a view to the promotion of the interests of the railroads and the gaining of a reasonable compensation for the service rendered.

There never was a time when the railroads were in competition for the same coal. The lines were hundreds of miles apart. Each was engaged in the business of hauling the coal from the fields reached by the respective lines.

The carrier companies, therefore, had only their own interests to conserve, and naturally fixed their rates so that the producers could afford to mine and market their coals, for otherwise the railroads would have had no coal to transport.

At the time referred to, when there was unrestricted competition, when there was no interference by the Interstate Commerce Commission, when the railroads were conducting their own business and fixing their own charges according to the service rendered, these were the facts:

The rate from the Pennsylvania district to the Great Lakes was 9 cents a ton less than the rate from the Kanawha and Thacker districts of West Virginia and 24 cents a ton less than from the West Virginia-Kentucky districts on lake cargo coal. That is, because of their proximity to the Lakes, because of their natural advantages, the coal producers of those regions could get their coal to market at from 9 to 24 cents a ton less than the West Virginia-Kentucky producers could.

To state that again, that is to say, the coal producers of the Kanawha and Thacker districts were compelled to pay 9 cents more to haul their coal to the Great Lakes than were the producers of the Pennsylvania districts, and the coal producers of the West Virginia-Kentucky districts were compelled to pay for the same haul 24 cents a ton more than was paid by the producers of the Pittsburgh district. That was the situation when business principles regulated the rates.

It is a matter of history and general knowledge that the coal fields of Pennsylvania were first developed and had every advantage incident to primary occupancy of the coal market. About 1912, however, the West Virginia-Kentucky fields had become an active rival for the lake trade. This had been largely accomplished by the introduction of modern machinery, modern economies, and improved business methods.

The Pittsburgh operators were unwilling to meet their new rival in the open market and compete for business. They desired the aid of a Federal tribunal.

Accordingly in 1912 they came before the Interstate Commerce Commission asking for readjustment of rates.

They were successful. The 9-cent differential was increased to 19 cents and the 24-cent differential was increased to 34 cents.

In plain language, they were given by the decision of the commission an additional advantage of 10 cents a ton in freight rates.

They hoped by this means to cripple their rivals. But it is to be noted that this increase in the differential was accomplished by ordering the railroads to lower their rates from the Pittsburgh district to the Great Lakes. There was no increase of rates anywhere. Consequently, the order of the commission was at least in the interest of the public consumer, and I do not claim that it was not justly made, because it must be presumed that the rates which were being charged from the Pittsburgh district were too high.

It is to be noted, however, when the Interstate Commerce Commission made the order reducing the rates from the Pittsburgh district it evidently did not concern itself with the consideration that such reduction might be to the disadvantage of

the West Virginia-Kentucky mines. That, I think, was the sound view.

So stood the case until 1917. We were then in the war. Prices of all kinds were advancing. The Interstate Commerce Commission on this occasion advanced the rates from both fields, but it is to be noticed that at the same time it increased the differential against the Kanawha and Thacker districts from 19 to 25 cents, and against the other southern West Virginia-Kentucky and Tennessee and Virginia districts from 34 to 40 cents.

Again, I do not pause to discuss the merits of this action other than to say that it was again to the disadvantage of the West Virginia-Kentucky fields. What influences were then at work I do not undertake to say, but recent events warrant the suspicion that the Pennsylvania producers were not "asleep at the switch."

Notwithstanding this enormous differential, the West Virginia-Kentucky districts continued to do business. They met adverse railroad rates by further economies; by the introduction of more improved machinery and by good business management, so that in the face of the adverse action of the Government their business continued to expand and progressively attained a greater proportion of the lake cargo trade, which, being translated into other language, means that they were better supplying the vast army of customers who were tributary to the Great Lakes region.

The fact is they cleaned and screened their coal better; shipped it in more merchantable sizes, free from slate and other impurities, and by sheer business ability gained an increased patronage. This is shown by the fact that under the 9-cent differential Pittsburgh had 70.25 per cent of all the lake cargo trade. Under the 19-cent minimum differential its business had dropped to 58.94 per cent, and under the 25-cent differential it had dropped to 28.41 per cent. Evidently something had to be done. Arbitrary action was demanded.

Accordingly the Pittsburgh producers came before the Interstate Commerce Commission and demanded the establishment of a higher differential. In plain language the demand amounted to this: That the Interstate Commerce Commission should relieve them from competition with the West Virginia-Kentucky coals by increasing the railroad differential so as to hamper, limit, and exclude the West Virginia-Kentucky mines from all or a large part of the market. Such was the plain and, indeed, the avowed purpose of the Pittsburgh operators.

It is to be noted that the railroads did not appear and ask for any change in their rates. Also, it is to be noted that the producers of Pennsylvania were not there demanding that an order be made lowering the rates from their fields.

What they were demanding was a readjustment of rates so that they would have the advantage of a differential of over 50 cents per ton. That is to say, they insisted that the differential against the Kanawha and Thacker district should be put above 50 cents and the differential from the other West Virginia-Kentucky districts should be increased accordingly.

Their purpose is not a matter of doubt. It was to exclude the West Virginia-Kentucky coals from the lake cargo trade.

The principal witness for the Pittsburgh operators testified:

We will be benefited to the extent we can keep them—that is, the West Virginia-Kentucky coals—out. If we can get these differentials, we can undoubtedly keep them out to an extent. It will be merely a question of confining their growth as closely as we can.

Thus it appears that these Pennsylvania operators demanded that the Government of the United States should destroy a legitimate competition; should enable them to exercise a partial or complete monopoly within a great portion of the United States; and that this should be done at the expense of the consuming public.

A proposition more unjustifiable, more at war with the theory of the antitrust acts, has not to my knowledge been heretofore advanced.

The case came before the Interstate Commerce Commission, then composed of Campbell, Hall, Meyer, Esch, Aitchison, Woodlock, Cox, Eastman, McManamy, Lewis, and McChord. It was fought out for weeks and months. It was argued from every angle and presented in every aspect.

It will be noted and can not be too much emphasized that the Pittsburgh operators were not stressing the claim that the rates from their mines to the Lakes were too high. What they were interested in was that the differential should be expanded so that they would have the advantage over their competitors.

The case was taken under consideration for months, and on the 16th day of July, 1925, the Interstate Commerce Commission handed down its decision. The majority of the commission decided that upon the entire record the then existing rates

from the Pittsburgh, Kentucky, and West Virginia districts were not unduly prejudicial, unduly preferential, or otherwise unlawful. The opinion, delivered by Commissioner Hall, discusses the entire controversy in a learned and logical manner, and that opinion was concurred in by Commissioner Esch.

Commissioner Eastman dissented upon the ground, not that the rates from the West Virginia-Kentucky district should be raised, but that the rates from the Pittsburgh district should be lowered; and he took pains to say that this did not prevent the railroads from transporting coal from the West Virginia-Kentucky regions making a corresponding reduction. That is to say, this commissioner at this time was in favor of allowing a reduction in rates by all carriers. But he does not hint at raising of rates and increasing the burden upon the people, but rather in advance protests against such action. In that opinion Commissioner McManamy concurred.

It thus appears that 6 of the 11 commissioners held absolutely that there should be no change in the situation, inconspicuously turned their backs upon the application of the Pittsburgh operators, and refused to become parties to their scheme to throttle the commerce of their rivals.

Such was the situation when this semijudicial body proceeded upon the law and the evidence of the case. Then it was the political battalion was called into action. The old guard was summoned to battle. The Senator from Pennsylvania, being in command, possessed the advantage of long experience and intimate association with the Secretary of the Treasury. The decision was rendered July 16, 1925. Petitions for rehearing were filed and were pending.

On March 6, 1926, the able Senator from Pennsylvania addressed his cohorts at a banquet at the Fayette-Green County Coal Producers' Association held at the White Swan Hotel, Uniontown, Pa. He declared:

Now, what are we going to do about it? Of course, we are going to demand our rights, but we are not going to stop at that. We are not only going to demand them but we are going to fight for them, and fighting for them means that we are going to keep at it until we have fair representation and until that fair representation has yielded a correction of these conditions of which we complain.

Fair representation where? Upon the Interstate Commerce Commission. Fair representation in the sense that they proposed to put upon the Interstate Commerce Commission men who will reverse the decision rendered and decide the case in favor of Pennsylvania. Fair representation in the same sense that a doctrine established by the Supreme Court of the United States might be reversed by packing the Supreme Court with men who would not decide according to the law and the fact but according to the interest of a particular litigant. Fair representation in the sense that by changing the personnel of the commission or by coercing the commission the kind of decision could be obtained that the coal operators of Pennsylvania wanted. It is a pitiable example of the submergence of ethics by financial interest.

What was the first step taken? Having lost the case upon its merits before the court, it was now determined to change the personnel of the court. The Senator from Pennsylvania suddenly appeared in the light of an insurgent. A vacancy had occurred on the commission through the expiration of the term of Commissioner Potter, and the President had appointed to fill this vacancy Thomas F. Woodlock. Senator REED opposed the confirmation of Woodlock. The reasons for that opposition appear in an interview of December 1, 1926, in the Pittsburgh Gazette-Times. From the interview it appears that the Senator from Pennsylvania visited the President and discussed the Woodlock appointment, and that he was then given to understand that if he would support Woodlock or withdraw his opposition the next appointment would go to Pennsylvania.

The article is as follows:

Senator REED declared that he would not vote for the confirmation of Woodlock until given assurance that the claim of Pennsylvania would be considered in filling future vacancies on the commission. White House intentions to consider for future appointment a member familiar with Pennsylvania industry and transportation were satisfactory to Senator REED and he voted for the confirmation of Commissioner Woodlock. The approaching vacancy is the first to occur since.

Senator REED conferred with President Coolidge at the White House last Wednesday, and it is understood that the main subject of discussion was the prospective appointment to the vacancy. Senator REED has declined to discuss the matter and has in no way indicated whom he will recommend for the appointment.

Regardless of whether a new commissioner would have a vote on the case, the failure to reappoint Commissioner Cox would remove from the commission a member who cast his vote against the claims of the Pittsburgh district at the former hearing of the case, when 6 negative votes of the 11 members of the commission decided the case against Pittsburgh's demand for a fair readjustment of the rates.

Time ran on, but it did not run very long until the articles of the treaty of peace between the Senator from Pennsylvania and the President were put in force.

The term of Commissioner Cox, one of the commissioners who had concurred in the majority opinion, was about to expire. He had been a good commissioner. So far as I know, neither his ability nor fidelity had ever been questioned.

But Pennsylvania had to be taken care of. Accordingly the Senator from Pennsylvania recommended Cyrus E. Woods, who was certainly "familiar with Pennsylvania industry and transportation." Likewise he will be remembered as the gentleman who was brought in to compose the discordant elements of Pennsylvania who were then organizing for action in the great slush-fund campaign. He had also been connected with the coal industry both as attorney and stockholder.

Everything was progressing smoothly, and Pennsylvania was about to get a man on the commission in place of Cox, who had voted against the raising of the differential. But Senator PITTMAN exposed the scheme and put in the RECORD the interview I have just presented. The hurdle thus erected was a little bit too high for the Pennsylvania horse to take. Wood was rejected.

Under the circumstances, it would not have been wise to have just then and there appointed another man like Wood, so Mr. Brainerd was appointed to fill the seat made vacant by Cox. And be it said to Brainerd's credit, he did not undertake to participate in the decision on rehearing. But, nevertheless, the removal of Cox had removed one of the obstacles to the reversal of the case.

The term of Commissioner Esch was about to expire. His emoluments and honors were, of course, dependent upon reappointment. He must have known of the threat of Senator REED that Pennsylvania proposed to be represented. He had doubtless observed that the Senator from Pennsylvania had climbed to the very apex of political power and influence. I doubt not that the commissioner often viewed with disconsolate eyes Cox's scalp already suspended from the pole of the Reed tepee. He naturally desired to avoid a similar fate.

The 1925 decision was concurred in by Commissioners Hall, Esch, Aitchison, Meyer, Cox, and Woodlock. Cox had been removed. And upon rehearing, although the case had been fully tried in the first instance and there had been no change in the conditions, Esch and Aitchison changed their votes and rendered a decision fixing the differential at the point demanded by the Pennsylvania interests.

The decision on rehearing is exactly the opposite of the decision first rendered, except in one respect. In the original decision the commission held the railroad rates from both fields to be reasonable and refused to change them by raising the rate from the West Virginia-Kentucky district. In the second opinion they held the rate from Pennsylvania district to be excessive and lowered that rate, thus giving to the Pennsylvania fields the full advantage they had originally demanded.

If the decision had stopped at that point it might be said that even if it established a differential which was unfair to the Kentucky-West Virginia fields, still it would give cheaper coal to the consumers because of the cheaper railroad rate from the Pennsylvania fields, and the carriers from the West Virginia-Kentucky fields could, if they saw fit, reduce their rates and thus all the coal consumers would retain the benefit of competition between the two coal fields and receive their coal cheaper because of lowered railroad charges.

But the commission did not propose to permit anything of the kind. It manifestly was determined to give an advantage to the Pennsylvania fields by granting a differential so great as to deprive the Kentucky-West Virginia fields of the opportunity theretofore existing of marketing their coals.

Having lowered the rate from the Pennsylvania fields, the commission now did the extraordinary thing of warning the carriers of the West Virginia-Kentucky fields that they must not lower their rates to correspond with the reduced rates of the Pennsylvania fields.

It should be borne in mind that that question was not before the commission. The question there was the establishment of a differential. The commission, therefore, was without power, right, or authority to make a decision commanding the carriers from the West Virginia-Kentucky districts not to lower their rates. Nevertheless it had the temerity to warn these carriers that they must not reduce their rates. It was an arrogant and unwarranted command issued by a board, such a command as might have been issued by a despot who is the sole source of all law and can promulgate it whenever he sees fit.

The commission had the temerity to warn these carriers, I say, that they must not reduce their rates. This is what the commission said:



Under the issues now presented, it is unnecessary for us to consider whether the rates from the southern districts are lower than reasonable minima, but we are of the opinion that the carriers would not be justified in reducing the present rates from those districts (p. 365).

That was a question not before them and not considered by them, according to their own language, yet they issued this edict in advance, commanding or warning those roads not to dare to reduce their rates. This wholly unjustifiable and outrageous warning was issued with reference to a matter not before the court.

It is properly characterized by Commissioner Hall in his dissenting opinion. He said:

As to the other districts, which chance to be for the most part south of the Ohio River, no finding is made, but the opinion is expressed that the carriers serving them would not be justified in reducing the present rates from those districts. Whether this be monitory or minatory it goes outside the findings and prejudices issues which may hereafter come before us for determination in the manner contemplated by law. The query must follow: What right have we to invade the domain which the law has allotted to carrier management and to seek by hint, suggestion, warning, or threat to coerce carriers into a course of action other than that which they have chosen or may choose to take? The essence of the transportation act is regulation and not management. That act was not a general reform act, giving us powers to redistribute the business or the wealth of individuals or of producing regions in accordance with whatever social, economic, or sectional views might at a given time command a majority of votes in this commission. These admonitions, or foreshadowings, or requirements, whatever they may be called, would seem to be prompted by a desire to afford a relief which can not be afforded upon the record made and to result from the impulse which prompted the majority "in considering whether the rates (from the complaining districts) may be reduced to relate them more fairly to those from the southern districts" (p. 390).

At another place, in a terse sentence, Commissioner Hall sums the whole case up as follows:

Congress has not made of us a special providence (p. 386).

Now, what followed? The carriers from the Kentucky-West Virginia districts saw fit to disregard this peremptory warning of the commission, doubtless regarding it as made without authority of law, as contrary to sound reason, and as in direct opposition to the purpose of the interstate commerce act.

These carriers undoubtedly knew that if the rates were not reduced from these districts the producers would be unable to market their coal and the business of the railroads would correspondingly suffer. Accordingly, these carriers reduced the rates so as to correspond to the lowering of the Pennsylvania rates. And thereupon the commission issued an order suspending the reduced rates. This was in effect an injunction issued against the railroads reducing the rates.

The railroads are now before the commission insisting that they had the right to make the reduced rates; insisting that it was satisfactory to the railroads; insisting it was fully compensatory, and the commission is in the position of suspending the rate and enjoining the railroads from making a reduction which would be highly beneficial to all of the consumers of lake cargo coal.

So that I return to the statement originally made, that whereas the purpose of the interstate commerce act was to produce lower and more equitable rates to the shippers of the United States and to all of the people, and to prevent combinations and conspiracies between the railroads for the purpose of advancing rates, the effect of the decision thus rendered is to produce the same result which might be brought about by an unlawful conspiracy between the railroads.

But there is another view which to my mind is even more appalling. We find that a commission set up for one purpose is now exercising its powers for a different purpose. It is assuming the right to fix railroad rates, not upon the basis of the cost of transportation, but it proposes to lower or raise rates for the benefit of a particular locality to the detriment of an established business and the rights of another locality.

If that power exists in the Interstate Commerce Commission, then I repeat it is a power greater than is possessed by any other department of the Government. Congress would not be justified in passing a rate bill which had for its avowed purpose the building up of one city and the tearing down of another; and if such purpose were written on the face of the law, courts would be certain to overturn the statute as unreasonable.

The power now usurped by the Interstate Commerce Commission is a greater and more destructive power than has ever been undertaken under any constitutional government to my knowledge.

If the power exists the commission can, for the express purpose of building up Chicago, command the railroads to raise the

St. Louis rates, or for the purpose of building up St. Louis, command the railroads so to fix their rates that St. Louis can ship into Chicago's natural territory and take from Chicago her natural advantages of position. And what is true of those two cities, of course, is true of all other cities of the United States, and is true of all sections.

The arbitrary power could be employed so as to destroy the industries of vast sections of the United States. If this power exists, then six men sitting as commissioners might build up the eastern and western sections of the country at the expense of the great interior. Or they might build up the great interior at the expense of the coast States. Such a power is too great and too dangerous to be held by any body of men in a free country. But if such a power exists, or is asserted, then it becomes perfectly manifest that this great semijudicial board will speedily degenerate into a mere political organization for the control of which various sections of the country will be in active contest; other States will be heard saying, "We have got a right to be represented by somebody who is going to vote the way we want him to vote"; so that in the end we shall have a political body; the section that can muster the most votes will control that body, and the powers of the Government will be employed to destroy one part of the country and to build up another part.

The example of Pennsylvania in endeavoring to pack the board and then insisting upon a direct representation thereon in order that Pennsylvania's interest may be especially looked after will be followed in other parts of the country. Such a condition means the destruction of the usefulness of the Interstate Commerce Commission, and such a policy can no more be justified when applied to the commission than a similar policy could be justified if applied to the Supreme Court itself. Although, of course, the latter body is much the greater and more important, nevertheless the principle is the same.

Mr. President, it is indeed regrettable that it is hard to escape the conclusion that the Interstate Commerce Commission reversed itself because it sat under the shadow of the suspended sword of Pennsylvania.

Mr. REED of Pennsylvania. Mr. President, my task is somewhat difficult, because I am not permitted by the Senate to have a colleague, and I have to try alone to answer the arguments of eight Senators from the four Southern States which compete with us and with their new ally in this warfare, who has just finished speaking. Of the skill and eloquence of that ally whom they have acquired no one can complain; he is matchless in the Senate; but unhappily in this case the alliance is so new that he has not yet learned some of the facts that always turn up to embarrass those who try to denounce Pennsylvania on this ground as on so many others.

For one thing, the decision of which the Senator from Missouri complains did not give Pennsylvania all that she demanded, as he so forcefully said. It gave Pennsylvania 20 cents reduction in the rate from Pittsburgh to the Lakes, whereas she had asked, and to us it seemed that she had proved the propriety of, a 42-cent reduction. Pennsylvania in that decision got less than half what she asked.

Furthermore, if that decision is unjust or if the later refusal to permit a reduction by the southern roads is unjust, an appeal lies to the court, where it can be considered more temperately than it can be considered here in the Senate. Their right to an appeal is obvious. No doubt they have already taken it; I am not familiar with that. If they have, the question will be determined judicially and not politically.

Mr. REED of Missouri. Mr. President, will the Senator from Pennsylvania pardon an interruption?

Mr. REED of Pennsylvania. Yes.

Mr. REED of Missouri. I do not intend again to interrupt.

Mr. REED of Pennsylvania. I do not mind the Senator from Missouri interrupting me.

Mr. REED of Missouri. If such an appeal is taken, about how long does the Senator think it would take to have it decided?

Mr. REED of Pennsylvania. I am sure I do not know.

Mr. REED of Missouri. A couple of years would be a short time, would it not?

Mr. REED of Pennsylvania. It would take about as long as it has taken us to have decided the other cases against us where we took appeals.

Mr. REED of Missouri. Yes; and during those two years or more these rates would remain in effect and the mandate of the commission against the reduction of rates from the West Virginia field would remain unchanged.

Mr. REED of Pennsylvania. I did not hear the Senator; I am sorry.

Mr. REED of Missouri. I say, during all that period these rates would remain in effect.

Mr. REED of Pennsylvania. They would unless they were suspended pending the appeal.

The Senator from Missouri also, perhaps, has not had called to his attention just what are these rates and what is this question about which there is so much excitement in two of the States. I wonder if the Senator realizes what is the situation, or what was the situation until that last order of the commission. I am not going to quote many figures, but I beg the Senate to listen to these:

It is 163 miles from Pittsburgh to the nearest lake port; it is 463 miles from Harlan, Ky., to the Lake ports. The rate on Pittsburgh coal for 163 miles was \$1.66, more than 1 cent a mile, per ton; the rate from Harlan, Ky., was \$1.91 for 463 miles. Now, let us see what that means. That means that if each shipping point pays \$1.66 for the first 163 miles of carriage, then the shippers in Harlan, Ky., are getting 300 miles of transportation for 25 cents. Does that call for correction or not? Is Pennsylvania corrupt because she objects to that situation?

Now, let us turn in the other direction and face eastward. It is 415 miles from Pittsburgh to Philadelphia. Eastbound coal from Pittsburgh to Philadelphia pays \$2.72 a ton. It is 612 miles from the Kentucky mines to Hampton Roads, the competing point. They get the first 415 miles of that trip for \$2.72, just what Pittsburgh pays, and they get the last 196 miles for nothing whatsoever. Their coal is hauled 196 miles for nothing in order that they may compete with us.

Let us take another case: If we ship to New York Harbor to sell our coal for bunker coal in the steamers there or for export or for coastwise shipment from New York, we pay \$3.19 for 500 miles, less one-fifth of a mile—to be exact, the distance is 499.8 miles—but if coal from Kentucky is shipped to Hampton Roads it is carried 612 miles for \$2.72; in other words, the Kentucky coal gets a haul 120 miles longer than ours for 47 cents less than we pay. Is Pennsylvania corrupt because she protests such unfairness as that; and if I rise in the Senate, as I have done, and say that any such system is indefensible from any standpoint, is that because Mr. Mellon is a friend of mine, which the Senator from Missouri thinks to be such a critical circumstance in this matter? Does not the Senator realize that the speech he has just made is in defense of such injustices as that because of which Kentucky coal gets a long haul for less money than Pittsburgh has to pay for the shorter haul?

I do not mean to intimate that we are competent here to pass judgment on these rates; I am merely giving these as instances to show that the producers in Pennsylvania have some justice on their side and that they are not reeking with a corrupt desire to steal the business that belongs to some one else. We may be Republicans, it is true—most of us are—but we still have a few rights, although we have no right to be represented in the Senate by our constitutional quota of Senators, and we have no right to be represented on the Interstate Commerce Commission.

I wonder if Senators realize what the situation is there. That commission was created in 1887, 41 years ago, and it has 11 members. Pennsylvania originates one-sixth of all the freight traffic of this Nation of ours and it has almost one-tenth of the population—more than one-eleventh—but, although it has that great proportion of the population, although it originates one-sixth of all the railway traffic of this Nation, it has never in the 41 years of that commission's existence for one moment had a single member among the 11 members of the commission. Is that justice?

Mr. GLASS. Mr. President, does not the Senator know that 14 States of this Union, constituting in area at least one-third of the Nation, have had no representative on the Interstate Commerce Commission until very recently?

Mr. REED of Pennsylvania. Until very recently!

Mr. GLASS. Until Colonel Taylor, of Alabama, was made a member of the commission.

Mr. REED of Pennsylvania. And Pennsylvania has never had any member on it, not even recently.

Mr. GLASS. Colonel Taylor, by the way, concurred in the opinion which the Senator now so highly commends.

Mr. SWANSON. Mr. President, if the Senator will permit me, it does seem to me that a State of one-tenth the population that can develop its industries until it produces one-sixth of all the products of this country has been treated very graciously and generously, and has no right to complain of the commission.

Mr. REED of Pennsylvania. That is the way the Senator looks at it.

Mr. SWANSON. Is not that true? The Senator's own statement shows that his State seems to have prospered a great deal under the commission's system of rates.

Mr. REED of Pennsylvania. Pennsylvania has prospered because of its industry; that is true; but the fact that the conditions in the coal business are what they are to-day is sufficient answer to the Senator's question.

Let me give you another illustration: The people of Washington, D. C., would like to get their coal cheaply. Does the Senator from Missouri know that the rate from Meyersdale, Pa., which mines smokeless coal as good as any in the country, is kept up to the same level as the rate from Kentucky, although the distance from Kentucky and from the Pocahontas region is more than twice what it is from Meyersdale, and the people of Washington to-day are paying tribute to the railroads in an unnecessarily high freight rate, kept up in order that the competition between those two points may be on an exact equality?

In other words, the Interstate Commerce Commission has undertaken to revise the geography of the country so as to equalize geographic advantages that ought to belong to the nearest point, and ought to be reflected in the price to the consumer.

Does the Senator know also, when he talks about the gradual disappearance of the Pittsburgh business in coal to the Lakes, and the gradual assumption of that business by the southern fields, that these so-called advantages in modern methods of mining and cleaning coal and all that do not make one penny's worth of difference to the consumer; that the price of the coal is the same at the point of sale; that both of them must ship clean coal, or they can not sell it; that those advantages that he speaks of are not reflected in the market price in the least? Does the Senator know that the principal advantage that these southern fields have that he defends so eloquently is that they are operated by nonunion labor, in towns privately owned, where there is not so much as a public street, and that a union man is not permitted to get off a railroad train in those towns, whereas in Pennsylvania the mines are either unionized or they have been trying to maintain the union scale for labor?

Mr. GLASS. Mr. President, are we to understand that the Senator from Pennsylvania thinks that that is any of the business of the Interstate Commerce Commission, under the law?

Mr. REED of Pennsylvania. The Senator is to understand, if he will, that I think it is one reason for the great advantage of these Southern States, and that the reasons ascribed by the Senator from Missouri do not tell the whole story.

Mr. GLASS. But I am asking the Senator if he thinks the statute confers upon the Interstate Commerce Commission the power to determine and to manage and to regulate these conditions?

Mr. REED of Pennsylvania. Of course, I do not.

Mr. GLASS. Then, why is the Senator reciting them?

Mr. REED of Pennsylvania. I am reciting them because the Senator from Missouri recited these other matters that are none of their business, such as methods of mining and methods of cleaning coal, as being the reasons for their superiority.

Mr. GLASS. But that is just exactly what they have made their business, and that is the explanation given in private letters of commissioners in pointing out the reasons for the decision.

Mr. REED of Pennsylvania. I am not familiar with the private letters of the commissioners.

Mr. GLASS. I mean private in the sense that they were not made public. I have one of them on my desk, and I am going to present it to the Senate at the proper time.

Mr. EDGE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. WATERMAN in the chair). Does the Senator from Pennsylvania yield to the Senator from New Jersey?

Mr. REED of Pennsylvania. I yield.

Mr. EDGE. Referring to the reflection in the price to the consumer, if the freight rate were reduced pro rata with the freight rate now charged to Kentucky, as quoted by the Senator, would not the difference in the price of coal per ton be reflected to the consumer?

Mr. REED of Pennsylvania. Absolutely. If we were given a comparable rate, we could sell that coal so much more cheaply that they would never be able to sell here at all.

Mr. SACKETT. Mr. President—

Mr. REED of Pennsylvania. I yield to the Senator from Kentucky.

Mr. SACKETT. Is it not a fact that if the railroads that are carrying the coals from the southern fields were permitted by the Interstate Commerce Commission to put into effect the rate which they say is compensatory, and that rate were applied to the coal that has gone over the Great Lakes from those fields in the last two or three years, it would afford an economy to the purchasers in the Northwest of more than



\$5,000,000 a year, and without any loss to any carrier that took care of that coal?

Mr. REED of Pennsylvania. Absolutely; and the next thing would be a reduction of the same amount by the northern roads, and that would mean a gain to the consumer.

Mr. SACKETT. And that is the very thing that should be opened to competition in this country. The fact of the case is that the southern carriers are so developed that they can carry coal cheaper over these long distances. They have not the expensive terminals, they have not the charges that the northern carriers must meet; and for that reason the people of this country, both as producers and as consumers, are entitled to the free flow of railroad rates as long as they are compensatory and nothing else.

Mr. REED of Pennsylvania. Personally, I should be very glad to see such a system adopted; but if that is adopted, the differential will be maintained between the southern and the northern fields, and it ought to be. Geography determines that. It ought not to be determined by the Interstate Commerce Commission or by the Senate.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the junior Senator from Kentucky?

Mr. REED of Pennsylvania. I yield.

Mr. BARKLEY. A moment ago the Senator stated that the coal produced in Kentucky that comes in competition with this Pennsylvania coal was produced in localities where the operating companies own the towns. In reply to that, I desire to say that there are only two important centers in Kentucky where the companies own the towns, and one of them is owned by the United States Coal & Coke Co., a subsidiary of the United States Steel Corporation, which is largely identified with Pennsylvania industry and politics.

Mr. REED of Pennsylvania. I do not agree with the last sentence, but I did not know about that. I believe also that the same company owns a considerable amount of coal in the Pocahontas region of West Virginia; and if it so happens that that company is displeased with what I am saying, I suppose I will have to take the consequences. Is that what the Senator means?

Mr. BARKLEY. No. I am not interested in whether what the Senator says is pleasing to the owners of these coal corporations or not; but he made a statement a moment ago that I am sure, unintentionally, did not accurately state the situation.

Mr. REED of Pennsylvania. I did not single out Kentucky, but I do say that in southern West Virginia and in Virginia there is town after town in which no union man dares dismount from a train.

Mr. BARKLEY. I know of no section in Kentucky where any such condition exists.

Mr. GLASS. Mr. President, the Senator may appeal in that way for the votes of laboring men in Pennsylvania, but I bring him back to the original proposition: Does he contend that the Interstate Commerce Commission have anything whatsoever to do with that—that they are vested with authority to say what enterprise may be operated by union men and what enterprise shall or shall not be operated under open-shop conditions?

Mr. REED of Pennsylvania. Of course, I do not; and—

Mr. GLASS. Then, what is the pertinence of that sort of recital here?

Mr. REED of Pennsylvania. I do not see why the Senator restrained himself so well when the Senator from Missouri was narrating points of superiority that he thought the southern fields had, if he gets so excited when I try to carry the narration to a conclusion.

Mr. GLASS. I am not in the least excited. There are so many people here who misinterpret earnestness for intemperateness. I am not at all excited about the matter. I retort, however, that I did not hear the Senator from Missouri cite a single, solitary fact that was not actually pertinent to this discussion—not one.

Mr. REED of Pennsylvania. I dare say it seemed so to the Senator when he was talking about the relative efficiency of their methods of cleaning coal; but perhaps the Senator can tell me what the Interstate Commerce Commission has to do with that.

Mr. GLASS. It has not anything to do with it; and my protest is that it has undertaken to have something to do with it, and has asserted that as a reason for its decision, not based upon a scientific adjustment of railroad rates or transportation charges with a view to their compensatory nature, but basing its decision upon operating conditions with which it has nothing on earth to do, and which, if it should have anything to do with, would be a menace to the industry and to the commerce of this country.

Mr. McKELLAR. Mr. President, may I ask the Senator a question?

Mr. REED of Pennsylvania. Now I yield to the Senator from Tennessee.

Mr. McKELLAR. Does the Senator take the position that it is the duty of the Interstate Commerce Commission under the law so to arrange railroad rates that the coal operators of one State or district shall be preferred over the coal operators and the coal business in another district?

Mr. REED of Pennsylvania. Mr. President, I take the position that they ought not to be. I say that they have been, that we have protested against it; but up to date the process has not been effective.

Mr. McKELLAR. The differential is all in favor of the Pennsylvania and Ohio fields, and not in favor of the southern districts at all.

Mr. REED of Pennsylvania. O Mr. President, the Senator could not have been here when I stated some of the instances of the application of that schedule that show that in many cases the longer haul is made for a lower freight rate than the shorter haul is made. That is the way that works out.

Mr. SACKETT. Should it not be, if it costs less to make it?

Mr. REED of Pennsylvania. Does the Senator mean to contend that the coal should be carried for a greater mileage at a lower rate than for the lower mileage, provided that railroad can show it is making money at it?

Mr. SACKETT. If it is making more than a compensatory rate, yes. I do not think anybody would doubt it; and that is one of the advantages that the different fields of activity in all industry have in this country. It is the only way in which you can develop the country as a whole and not develop it in local foci which happen to be near to markets. The other industries farther away must find a method of transportation, find methods of getting their products shipped more cheaply, or else you will have the country developed in spots and not as a whole.

Mr. REED of Pennsylvania. I am afraid, if the Senator's theory were applied—

Mr. SACKETT. It has been applied in agriculture, in lumber, in every kind of commodity in this country; and that is the way in which industries have been built up over the country.

Mr. REED of Pennsylvania. And that is the way in which certain industries are smothered, just as ours have been, and that is what is the matter with the Mountain States to-day; and the Senator knows it.

Mr. SACKETT. The Senator knows that the industry in Pittsburgh has been paying a higher cost of production; that the industry in Pittsburgh has been fighting for a larger differential; that, having accomplished a differential, the industry in Pittsburgh is now turning around under a nonunion basis to get a lower cost of production in addition to the railroad differential; and not only will the other parts of the country be shut out of this lake trade but they will be unduly developed in the Pittsburgh district.

Mr. REED of Pennsylvania. We need not waste any time in the assertion of opinions on that subject. If we will simply look at the picture that is presented to-day, we will see the result of it.

In Pittsburgh and in the Pennsylvania districts there exists to-day a most desperate condition of unemployment and distress. It has been pictured to the Senate eloquently by the Senator from California [Mr. JOHNSON]. Why is that so? Simply because the differential established by the Interstate Commerce Commission is not yet adequate. Simply because the Pittsburgh and the Pennsylvania region is being driven, by that unfair competition, away from the union scale that it has maintained to a similarly low scale if it is going to stay in business. We will get down to it, I suppose, if the commission and the Senate and the Government of the United States persist in this theory; they will drive us down to the same low scale, and they will drive all union labor out of the mining industry; and I suppose that is what is desired. But the process is one of agony, I tell the Senate, and we are going through that agony in Pennsylvania to-day.

It is all very well to stand here and denounce me and the Republican officials of Pennsylvania. That is begging the question. That is no help to the people who are suffering up there in those coal fields to-day. That is no help to the union men who are being driven out of those fields. It is begging the question, I say, to get up and denounce the Interstate Commerce Commission or to say that I tried to pack the commission when I recommended the appointment of 1 man out of 11, who distinctly stated that he would not vote in this case, anyway. It is nice politics to say that I am packing the Interstate Commerce Commission. The facts, I think, answer that suffi-

ciently. To-day in Pennsylvania and in eastern Ohio there are many thousands of people in want, and it is not helping them to turn this into a political discussion.

Mr. NEELY. Mr. President, the distress to which the Senator has referred, which is the inevitable result of enforced idleness, is one thing of which even Pennsylvania coal operators neither claim nor seek a monopoly. Despite the boasted prosperity of this administration, unemployment to an alarming extent—and all the suffering that it entails—exists not only in Pennsylvania but in practically every State of the Union. But no amount of unemployment, no extent of industrial depression, and no severity of competition can justify an attempt to pack the Interstate Commerce Commission.

Let me dispel any erroneous impression that the Senator from Pennsylvania may have created to the effect that the bituminous coal mines of Pennsylvania are being operated by union labor, and that those of West Virginia, Virginia, Kentucky, and Tennessee are being operated nonunion. As a matter of fact, every great soft-coal mine in the State of Pennsylvania that is now in operation is manned by nonunion labor. Furthermore, the operators of West Virginia are paying their miners wages similar to those paid by the operators of Pennsylvania.

The Senator from Pennsylvania very becomingly complains that the Senator from Missouri [Mr. REED] erred in stating that the Pennsylvania coal operators obtained all that they asked from the Interstate Commerce Commission, when, in fact, these Pennsylvania captains of industry have received only half as much as they want, and are, accordingly, thoroughly dissatisfied. But why does the Senator not make a complete confession and proclaim the fact that nothing less than the whole "earth and the fullness thereof" will ever satisfy those for whom he so ably and successfully speaks. Let us admit the hideous truth once for all that the Pennsylvania coal operators do not want a square deal in the matter of freight rates at the hands of an honest commission. What they do want is an exclusive monopoly of the coal business of the country created and perpetuated for them by a packed commission.

We admit the validity of the Senator's contention that the people of Pennsylvania are entitled to two Senators. But they are no more entitled to have one whose election is tainted with fraud seated in this Chamber than they are to enjoy the benefits of a decision of the Interstate Commerce Commission that was obtained by political intimidation and coercion.

Mr. GOODING and Mr. SMOOT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from West Virginia yield, and if so, to whom?

Mr. NEELY. I yield first to the Senator from Idaho.

Mr. GOODING. I would like to ask the Senator from West Virginia when he expects this political influence, which he says is controlling the commission, to cease? Will it not continue until Congress lays down a policy to guide the Interstate Commerce Commission in the making of rates? The Senator's section is not the only one which has suffered through discrimination. The West has suffered through discrimination in freight rates for half a century, and is suffering to-day, and it will continue to suffer just as long as Congress permits the Interstate Commerce Commission to fix rates without a policy laid down by Congress.

Mr. REED of Pennsylvania. Mr. President, will the Senator permit me to ask a question?

Mr. NEELY. Judging from present indications, political control of the Interstate Commerce Commission will never end. Therefore I am ready and eager to join the Senator from Idaho in passing a law to restrain this commission, which "doth bestride the narrow world like a Colossus" and which destroys the great industries of one State and on their ashes creates monopolies for some other State.

Mr. REED of Pennsylvania. Mr. President, will the Senator permit a question?

Mr. NEELY. Yes.

Mr. REED of Pennsylvania. When I offered an amendment to the resolution yesterday calling for an Interstate Commerce Committee investigation of the action of the Interstate Commerce Commission in this regard the Senator voted against it, did he not?

Mr. NEELY. Yes; because I believed that the adoption of the amendment would delay the investigation of the conditions now prevailing in the mining regions of the Senator's State, which, according to the recent narration of the eloquent Senator from California, are the most disgraceful that have ever existed in any coal-mining region in the United States.

Mr. REED of Pennsylvania. And the Senator was not even willing to have an impartial committee find out whether our complaints or his are true with regard to these rates.

Mr. NEELY. I certainly was, still am, and ever shall be willing to have such a committee investigate the Interstate Commerce Commission and also to ascertain, if the committee live long enough to accomplish the task, just how many highly discriminatory freight rates the commission has benevolently ordained and established for the exclusive benefit of the coal operators of Pennsylvania.

Mr. REED of Pennsylvania. Then, if I understand the Senator correctly, he prefers that the facts should be dealt with by assertion rather than investigation.

Mr. NEELY. The Senator's perceptive faculties are evidently not functioning with their usual accuracy.

I shall gladly support any resolution that proposes a proper investigation of the matter we are discussing.

Mr. SACKETT. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. SACKETT. I do not know whether the Senator from West Virginia knows that I introduced a resolution for this very purpose this morning in the Senate, which has been referred to the Committee on Interstate Commerce. It contains the identical language in one of its paragraphs that was proposed yesterday to be attached to the Johnson resolution by the Senator from Pennsylvania. I hope the Senator from West Virginia will support it.

Mr. REED of Pennsylvania. In other words, the resolution is no good when I offer it, but it is all right for the Senator to support it if it is offered from Kentucky.

Mr. SACKETT. The resolution is put in the proper place, where it belongs, and not hitched to something to which it does not belong.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. SMOOT. I think the Senator from West Virginia has heard the Senators from the West plead for some kind of legislation in relation to the long-and-short-haul clause. Has not the Senator from West Virginia voted against it every time?

Mr. NEELY. Only once. But the question of the "long and short haul" is not in issue now. It was disposed of in the distant past. Let me remind the Senator from Utah, as Pompey reminded Sylla, "that more worship the rising than the setting sun." Let the Senator now propose legislation that will curb the Interstate Commerce Commission, and I shall aid him in passing it through the Senate, but the Senator should also provide that the Interstate Commerce Commission shall never again succumb to the political threats nor yield to the political coercion of the coal operators of Pennsylvania.

Mr. SMOOT. I am not talking about Pennsylvania. For 16 years, at least, the Western States have suffered on account of freight rates as no other States in this Union have suffered, and the only excuse given for not affording relief was that an amendment of the long-and-short-haul clause was not the proper thing to do, and we suffered in the West on that account. We have tried here for 16 years to get some kind of favorable action, but up to the present time we have not gotten any.

Mr. NEELY. The people of Pennsylvania are the only ones who get what they want in the matter of freight rates.

Mr. SMOOT. This discussion, in my opinion, will draw the matter to the attention of the country, and we have hopes that the next time the question comes up we shall get some support from the other side of the Chamber.

Mr. GLASS. Mr. President, if the Senator from West Virginia will allow me, I am going to ask leave to express regret that he has fallen a victim to the craft of the distinguished Senator from Pennsylvania, who is undertaking to convert this question into a sectional question and actually undertaking to convert it into a political question. Until the Senator from Pennsylvania spoke, nobody, as I recall, had thought of introducing politics into a matter of this sort, and I want to say for myself that what concerns me fundamentally and most of all is not how the Interstate Commerce Commission has exercised power, but whether or not the Interstate Commerce Commission has actually usurped authority and appropriated to itself a power that is a positive menace to the entire country.

That is the question involved here. It is not one of Republicanism or Democracy, or of the North or of the South, as the Senator from Pennsylvania so adroitly undertakes to make it.

Mr. REED of Pennsylvania. And yet the Senator voted yesterday against my amendment, which had the sole object of finding out whether the commission had usurped such a power.

Mr. GLASS. Oh, no. The Senator knows perfectly well why I voted against his amendment. He knows that just as well as he knows why he offered the amendment to the particular resolution at that particular time. Now, the Senator from Kentucky [Mr. SACKETT] has here to-day offered a reso-



lution not only covering the ground proposed by the Senator from Pennsylvania but even more comprehensively. The resolution is one which, I understand, the Senator from Pennsylvania approves, and I shall vote for it.

Mr. REED of Pennsylvania. Of course, the Senator will vote for it, because he voted against a similar resolution yesterday when I introduced it.

Mr. GLASS. Of course, I am always inconsistent and I have some personal animus toward the Senator from Pennsylvania! The Senator from Pennsylvania is brutally frank, and now, if he will excuse me for being brutally frank right on this point, I will say that I suspect that the Senator offered his resolution in order to divert attention from the strike and the consequent conditions of that strike in Pennsylvania to another subject entirely.

Mr. REED of Pennsylvania. I am glad the Senator is brutally frank, because that gives me a chance to disillusion him. If the Senator had bothered to read my amendment—

Mr. GLASS. I did.

Mr. REED of Pennsylvania. Or had listened to it when read, he would have noticed that it provided for an investigation into the rate phases of the case only after the completion of the report on the strike and the conditions there.

Mr. GLASS. But that was to be the outstanding feature of the investigation in the mind of the Senator from Pennsylvania, as I suspect it.

Mr. REED of Pennsylvania. Perhaps the Senator may suspect it, but the Senator who proposed the resolution, the Senator from California [Mr. JOHNSON], evidently did not suspect anything of the sort. The language of the amendment made it very clear that it could not postpone an investigation into the strike, so that it seems to me—

Mr. GLASS. The Senator will agree with me that that water is over the wheel, and I tell him now that it is my purpose to vote for the resolution presented here to-day by the Senator from Kentucky, because I have no desire in the world to conceal any of the pertinent facts which relate to this problem.

Mr. REED of Pennsylvania. It would be pleasant for most of us if inconsistency could be disposed of by saying it is water over the wheel.

Mr. GLASS. The Senator knows perfectly well that properly no politics are involved in the determination of this problem, that properly no sectionalism is involved in the determination of this problem, and it is unworthy of the Senator to undertake to muster his forces upon the plea of politics or upon the plea of the northern mine against the southern mine.

I say that if the Interstate Commerce Commission have undertaken to appropriate and exercise power with respect to northern mines that they have undertaken to exercise with respect to southern industries, I would feel just about like I feel now. It is a usurpation of power. It is a dangerous usurpation of power, and an end should be made of it.

Mr. REED of Pennsylvania. The Senator's suspicions are rather alert to-day. Will the Senator tell me whether he suspected any political purpose in the address of the Senator from Missouri?

Mr. GLASS. I did not discover any.

The PRESIDING OFFICER. The Senator from West Virginia has the floor.

Mr. NEELY. Mr. President, I hope that the Senator from Virginia is not justified in believing or even fearing that the Senator from Pennsylvania has succeeded in diverting the attention of the Senate from the merits of the question which the Senator from Missouri has so ably discussed to the irrelevant subjects of politics and localities.

But, regardless of what the Senator from Pennsylvania has or has not accomplished, I implore the Senate to exercise its power to the limit to prevent further usurpations on the part of the Interstate Commerce Commission, and to restrain the commission from pursuing its present policy of ruthlessly destroying prosperity in one section of the country in order to create it in another.

Mr. REED of Missouri. Mr. President, the Senator from Pennsylvania [Mr. REED] in replying to my remarks spoke of me as a new recruit to the southern group. That is a singular notion for the Senator to entertain. I do not know why he made the statement. I have been disturbed over this decision of the Interstate Commerce Commission since it was rendered. I have been disturbed over every assumption by the Interstate Commerce Commission which apparently looks toward an attempt of that body to equalize the natural advantage one place might have by fixing a freight rate to remove that natural advantage. I have regarded this recent decision as revolutionary.

Mr. MAYFIELD. Mr. President, has not the Supreme Court held time and again that that could not be done?

Mr. REED of Missouri. That is my understanding.

I have no antipathy toward Pennsylvania, not the least. I regard Pennsylvania as one of the great States of the Union. I know that within her borders are to be found some of the best people of the United States. I know that she has a wonderful history. I know that she is entitled to fair and just treatment, as, indeed, are all the other States. If I have had the unfortunate task of helping to develop the fact that the great people of Pennsylvania are not permitted to register their will, and to bring out the fact that this grand old State has fallen upon evil times, I trust it will be understood that if it had happened to have been some other State where similar conditions existed I would have tried to perform my duty there as I have in this instance. Indeed, it so happened that when Michigan went straying after strange gods, and set up a golden calf in the temple of her politics, I helped in the movement to repudiate that action. I have done the same thing in the case of Illinois and will be glad to do it in any other State if unfortunately similar conditions exist. I do not possess that kind of pliable conscience which will cause me to stand upon the platform one day and denounce a political opponent as every kind of rogue and scoundrel and to declare that his presence in public office would be a debasement of the office and an insult to decency and then, when he triumphs, to join at once with him to consummate the iniquity and complete the insult by putting him in public office.

Mr. REED of Pennsylvania. Is the Senator implying that I did that?

Mr. REED of Missouri. I am implying that it has been stated time and time again in the public press that the Senator from Pennsylvania and the gentlemen who operated with him denounced Mr. VARE as a wholly unfit man to occupy a seat in this body. If that is to be denied, it will be denied now for the first time to my knowledge.

Mr. REED of Pennsylvania. The Senator shifts his ground. That is not the statement that he made before I asked the question. I want to say now that—

Mr. REED of Missouri. I have not shifted my ground.

Mr. REED of Pennsylvania. Will the Senator permit me to answer?

Mr. REED of Missouri. Certainly.

Mr. REED of Pennsylvania. I want to say that I opposed Mr. VARE in the primary with all my power; I did my best to prevent his being nominated; I argued that his opponent, Senator Pepper, was, in my judgment, a better candidate. So far so true. That I ever made any such statement as the Senator indicated just before I interrupted him I deny. I never heard such an accusation made before, and I want most emphatically to say that nothing of the kind ever happened.

Mr. REED of Missouri. Did not the Senator say in substance and effect, and was he not quoted by the press as saying in substance and effect, that Mr. VARE was wholly unfit for this position?

Mr. REED of Pennsylvania. I said I thought he was less qualified than Mr. Pepper.

Mr. REED of Missouri. Very well.

Mr. REED of Pennsylvania. The party thought differently and nominated him, and I supported their choice.

Mr. REED of Missouri. And the Senator said some other things. I shall be glad to file some of those statements in the Record.

Mr. REED of Pennsylvania. I wish the Senator would do so.

Mr. REED of Missouri. I shall send for them. That, however, I am only mentioning because the intimation is made that in denouncing this revolutionary decision I have some ulterior purpose. I opposed Mr. Wood's confirmation long ago, and I intend to oppose the confirmation of any man who is nominated to a judicial position or a semijudicial position in order that he may represent a particular district unless he lives in that district and his jurisdiction is confined to that district.

We have heard a curious argument here to-day. Pennsylvania has 11,000,000 of people, I believe it was stated, and she originates one-sixth of the tonnage that is shipped. Therefore, because she originates one-sixth of the tonnage that is shipped, she is entitled to direct representation upon a judicial body that decides what is fair to all of the people of the United States. That is a fine kind of logic! When did it happen that the Interstate Commerce Commission was a body created to represent shippers alone; that shippers only were to be considered? The Interstate Commerce Commission was created by the people of the United States to see that just rates were fixed to every part of the United States for the benefit of every human being and every industry in the United States. It was not set up to equalize differences in the cost of manufacture; it was not created for the benefit of shippers; it was created for the benefit of all of the people.

We had some argument that, upon its face, while entirely aside from this question, was calculated to give the impression that the Interstate Commerce Commission in the past had dealt very unjustly with Pennsylvania in the matter of rates. That is based upon the fact that the haul is longer in some instances than in others; it is longer in some instances from the southern fields than it is from the Pennsylvania fields; but anybody who knows anything about freight hauls knows that mileage is not the only element to be considered. A haul of 10 miles involves all the expense and all the labor of the loading and unloading of cars and the furnishing of cars just as much as is involved in a haul of a thousand miles. However, I am not going to waste time arguing details of that kind.

The fact is there is but one rule that can be justly established; there is but one task the Interstate Commerce Commission has a right to perform with reference to rates. It has the right to insist that no railroad shall charge a rate which is more than compensatory. It has no just right to say to any railroad if it is charging rates that are fairly compensatory, "You shall not reduce your rates." The point at issue here is that the carriers operating from the southern fields say that they can afford to haul coal to Washington at a certain rate; that they can afford to haul lake cargo coal at a certain rate; that they want to haul it at that rate; and the Interstate Commerce Commission says, "You have got to charge more than that rate for the purpose of helping the Pennsylvania mines."

They do not propose further to reduce the rates from Pennsylvania. If they did, we would have no complaint. Let them fix them wherever they please. Let the railroads of Pennsylvania reduce their rates as low as they please; there will be no protest from Missouri against that. That will help all the consumers of the United States; but when the Interstate Commerce Commission says, "We propose to equalize natural conditions of advantage by forcing railroads to raise rates beyond the point they want to charge, beyond the point that is compensatory," then the Interstate Commerce Commission is asserting a power to override natural conditions, to destroy the enterprise of men, to set its arbitrary mandate up against the business judgment of men.

Let us see where we will end. A man goes into a given territory and finds there within a given radius a certain population; he finds there a market for the thing which he sees fit to produce, and settling down there, he proceeds to invest his capital. After he has invested it and the railroads are willing to haul his product at a rate that will enable him to live and make a profit, the Interstate Commerce Commission can come in under this new rule and say, "We will destroy your business; we will set aside your judgment; we will ruin your life's work; we will change the railroad rate; we will drive you out of business, because there is somebody in some other town and some other place who did not locate as wisely as you and we want to enrich him at your disadvantage." That is the proposition that is here and that is the whole proposition that is here.

So far as I am concerned, men like Esch who hold that doctrine are usurpers of power, and an usurper of power is not fit to hold any office within the gift of a free people.

Mr. COPELAND. Mr. President, I rose a few moments ago to speak, and what I have to say is not so appropriate now as it would have been before the distinguished Senator from Missouri [Mr. REED] spoke.

However, I do wish to say that it is very amusing to me to see Senators from the coal States in a fight. I am glad they are having it, because this rumpus will call the attention of the country to an industrial and economic situation which must be taken care of in some wise way.

What I have to say has no bearing at all upon the address of the Senator from Missouri, because I did not have the pleasure of hearing it, but the doctors from the coal States who are proposing treatment for the symptoms which they have observed, and are observing, at the present time in the coal industry are merely proposing to treat symptoms. What they are recommending has nothing whatever to do with the cure of the real disease. Their diagnosis is wrong, as the Senator from Texas suggests.

I see upon the floor an able Member of the House of Representatives from my State, Major LaGUARDIA. He has reported regarding the suffering and the misery in the State of Pennsylvania; there can be no doubt of the suffering that has taken place there, but, Mr. President, the real trouble with the coal industry is overproduction.

We may find fault with the Interstate Commerce Commission from now until kingdom come, but that commission has no power at present, as I see it, to correct the real trouble. How can they deal with the problem of overproduction? How can they deal with the situation that there are three or four thousand more mines than there should be? How can they deal

with the fact that there are a quarter of a million miners in excess of the number we need?

As I view it, Senators, we must relax the antitrust laws so as to permit the bituminous coal operators to consolidate their mines, to deal with this problem collectively, to have collective sales agencies in order that the problem may be solved. Of course, if they are to have the privilege of consolidation, they must submit to a certain amount of regulation; otherwise, there will be a monopoly created which will mean high prices and increased suffering everywhere. That, however, is the way it must be dealt with, as I view it. There is not any use talking about modifying the rates on coal; there is not any use talking about trying to send abroad the surplus coal. The surplus is too great.

The problem can not be dealt with in that way, and, as a matter of fact, why should we seek to find means of exporting coal and sending coal abroad when posterity will need this coal? Why not reserve it here for the citizens who are to come after us? There can be, in my judgment, consolidations, cooperative selling, and other means of dealing with the problem, so that the mines which should be operated—the cheaply operated mines can be operated and the high-priced mines can be closed for the time being.

Let us face the situation as it is. All this row between the Senators from one section and the Senators from another section is only throwing dust—coal dust—into the air. They are not reaching at all the fundamental trouble; and that is the thing which must be dealt with if we are to solve this problem in any permanent way.

The other day a man wrote to me with a plan by which he proposes to collect a fee from every ton of coal mined—a McNary-Haugen bill for the coal business—in order that we might ship the coal abroad and sell it.

Senators, let us find some way to solve this problem by consolidations of mines and by directing the surplus miners into other channels of activity and then preserve the surplus of coal for citizens who come after us. It is all nonsense, as I view it, to spend our time here discussing about whether a preferential rate given one section of the country is detrimental or beneficial.

So far as the great industry is concerned, and so far as the present and future needs of the country are concerned, they are not involved in this question of rates; and we never can solve the problem by any such absurd method or any such attempt at remedy.

Mr. BROOKHART. Mr. President, I am very much delighted at this discussion here to-day. I agree that this is stirring up a row between certain States, but I am glad the row is stirred up. This question of discriminations, I hope, will turn out to be of enough importance to the whole country to lead the Congress to action upon the transportation question.

This discrimination between the coal States is a tempest in a teapot compared to the discrimination that has existed for years and years as against the whole agricultural industry in the United States.

Class I railroads derived a total of \$915,000,000 from freight on agricultural products in the year 1923. This does not include forest products. It represented 12½ per cent of the total cash income from sales of agricultural products, and 18.7 per cent of the estimated net farm income for the years 1923 and 1924.

The products of the farm have contributed 19.3 per cent to the revenues of the railroads, and they furnished only 11 per cent of the tonnage.

The mere statement of that fact shows a discrimination in volume several times bigger than this coal question.

The Senator from Pennsylvania [Mr. REED] points out that his haul is shorter for coal than it is in West Virginia and Kentucky, and therefore he is entitled to a lower rate. Of course, that haul is not over the same road and at the same expense. We have had the proposition of the long-and-short haul up over the same road between points included in the same haul, and I do not think the Senator from Pennsylvania supported us.

Mr. FESS. Yes; he did.

Mr. BROOKHART. Did he? Well, I am glad he did. I think some of the Senators representing West Virginia and Kentucky were afraid to support us, fearing it would prejudice their case in reference to the haul of coal. It would do no such thing if the facts as they state them are true, that the expense of their long haul is less than the expense of the short haul from Pennsylvania. But the fact remains that this gigantic discrimination against agriculture in the whole country as to railroad transportation exists everywhere.

The Senator from Missouri [Mr. REED] blames the Interstate Commerce Commission. I am not inclined to do that, because I think the Esch-Cummins railroad law itself fixed this matter so as to invite and to promote these discriminations. The com-



mission can no longer consider individual rates upon their cost or their individual reasonableness. Under this law it is now compelled to take the average of the whole thing, and average it up and work out a 5% per cent return on the capital investment, and that capital investment watered by \$7,000,000,000 above its market value at the time the tentative value was fixed by the commission.

I do not claim that they violated the law in putting that value in there. They followed the law. It was the law itself that was wrong.

Oh, yes; I remember, but a few years ago, when these same discriminations existed in our neighbor, in Canada. Canada has been wise, and has solved this problem and they no longer exist there. Canada consolidated some of her railroads, and did it by the power of the Government and under the control of the Government. The watered capital ceased, and these discriminations ceased, and the one remaining system privately operated is compelled to meet the competition of an honest government.

You can talk about solving this problem by appointing somebody on a commission that may change a particular case or a particular situation, but I have been fighting rate discriminations against my State for 20 years. I remember when the whole rate system was built upon the basing-point idea in the United States. I remember when you could ship products from Chicago to Omaha and then back to Des Moines cheaper than you could put them off at Des Moines on the way through, because Omaha was the basing point. On the north it was St. Paul, and on the south it was St. Louis.

Following that idea of building up these big centers at the expense of the little places, these great systems of rate discrimination were put in. It was after years of fight that we removed some of them, and now a good many of them have crept back in again under this new law.

So the law and the system itself must be changed. It is a fundamental proposition, and it will not be fought out by simply defeating this commissioner or that commissioner, although I myself am heartily in favor of defeating some of those commissioners who misrepresent us.

#### ALIEN PROPERTY AND OTHER CLAIMS

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7201) to provide for the settlement of certain claims of American nationals against Germany and of German nationals against the United States, for the ultimate return of all property of German nationals held by the Alien Property Custodian, and for the equitable apportionment among all claimants of certain available funds, which had been reported from the Committee on Finance with an amendment, to strike out all after the enacting clause and to insert:

That this act may be cited as the "Settlement of war claims act of 1928."

#### CLAIMS OF NATIONALS OF THE UNITED STATES AGAINST GERMANY

SEC. 2. (a) The Secretary of State shall, from time to time, certify to the Secretary of the Treasury the awards of the Mixed Claims Commission, United States and Germany, established in pursuance of the agreement of August 10, 1922, between the United States and Germany (referred to in this act as the "Mixed Claims Commission").

(b) The Secretary of the Treasury is authorized and directed to pay an amount equal to the principal of each award so certified, plus the interest thereon, at the rate fixed in the award, accruing before January 1, 1928.

(c) The Secretary of the Treasury is authorized and directed to pay annually (as nearly as may be) simple interest, at the rate of 5 per cent per annum, upon the amounts payable under subsection (b) and remaining unpaid, beginning January 1, 1928, until paid.

(d) The payments authorized by subsection (b) or (c) shall be made in accordance with such regulations as the Secretary of the Treasury may prescribe, but only out of the German special deposit account created by section 4, within the limitations hereinafter prescribed, and in the order of priority provided in subsection (c) of section 4.

(e) There shall be deducted from the amount of each payment, as reimbursement for the expenses incurred by the United States in respect thereof, an amount equal to one-half of 1 per cent thereof. The amount so deducted shall be deposited in the Treasury as miscellaneous receipts. In computing the amounts payable under subsection (c) of section 4 (establishing the priority of payments) the fact that such deduction is required to be made from the payment when computed or that such deduction has been made from prior payments, shall be disregarded.

(f) The amounts awarded to the United States in respect of claims of the United States on its own behalf shall not be payable under this section.

(g) No payment shall be made under this section unless application therefor is made, within two years after the date of the enactment of

this act, in accordance with such regulations as the Secretary of the Treasury may prescribe. Payment shall be made only to the person on behalf of whom the award was made, except that—

(1) If such person is deceased or is under a legal disability, payment shall be made to his legal representative, except that if the payment is not over \$500 it may be made to the persons found by the Secretary of the Treasury to be entitled thereto, without the necessity of compliance with the requirements of law in respect of the administration of estates;

(2) In the case of a partnership, association, or corporation, the existence of which has been terminated, payment shall be made, except as provided in paragraphs (3) and (4), to the persons found by the Secretary of the Treasury to be entitled thereto;

(3) If a receiver or trustee for the person on behalf of whom the award was made has been duly appointed by a court in the United States and has not been discharged prior to the date of payment, payment shall be made to the receiver or trustee or in accordance with the order of the court; and

(4) In the case of an assignment of an award, or an assignment (prior to the making of the award) of the claim in respect of which the award was made, by a receiver or trustee for any such person, duly appointed by a court in the United States, such payment shall be made to the assignee.

(h) Nothing in this section shall be construed as the assumption of a liability by the United States for the payment of the awards of the Mixed Claims Commission, nor shall any payment under this section be construed as the satisfaction, in whole or in part, of any of such awards, or as extinguishing or diminishing the liability of Germany for the satisfaction in full of such awards, but shall be considered only as an advance by the United States until all the payments from Germany in satisfaction of the awards have been received. Upon any payment under this section of an amount in respect of an award, the rights in respect of the award and of the claim in respect of which the award was made shall be held to have been assigned pro tanto to the United States, to be enforced by and on behalf of the United States against Germany, in the same manner and to the same extent as such rights would be enforced on behalf of the American national.

(i) Any person who makes application for payment under this section shall be held to have consented to all the provisions of this act.

(j) The President is requested to enter into an agreement with the German Government by which the Mixed Claims Commission will be given jurisdiction of and authorized to decide claims of the same character as those of which the commission now has jurisdiction, presented to the commission before July 1, 1928. If such agreement is entered into before January 1, 1929, awards in respect of such claims shall be certified under subsection (a) and shall be in all other respects subject to the provisions of this section.

#### CLAIMS OF GERMAN NATIONALS AGAINST THE UNITED STATES

SEC. 3. (a) There shall be a War Claims Arbitrator (hereinafter referred to as the "arbitrator"), who shall be appointed by the President, at a salary to be fixed by the President not in excess of \$15,000 a year; or any officer or agent of the United States may be designated by the President as arbitrator. Any officer or agent so designated shall receive as arbitrator, notwithstanding any other provision of law, a salary to be fixed by the President in an amount, if any, which when added to any other salary will make his total salary from the United States not in excess of \$15,000 a year.

(b) It shall be the duty of the arbitrator, within the limitations hereinafter prescribed, to hear the claims of any German national (as hereinafter defined), and to determine the fair compensation to be paid by the United States, in respect of—

(1) Any merchant vessel (including any equipment, appurtenances, and property contained therein), title to which was taken by or on behalf of the United States under the authority of the joint resolution of May 12, 1917 (40 Stat. 75). Such compensation shall be the fair value, as nearly as may be determined, of such vessel to the owner immediately prior to the time exclusive possession was taken under the authority of such joint resolution, and in its condition at such time, taking into consideration the fact that such owner could not use or permit the use of such vessel, or charter or sell or otherwise dispose of such vessel for use or delivery, prior to the termination of the war, and that the war was not terminated until July 2, 1921, except that there shall be deducted from such value any consideration paid for such vessel by the United States. The findings of the board of survey appointed under the authority of such joint resolution shall be competent evidence in any proceeding before the arbitrator to determine the amount of such compensation.

(2) Any radio station (including any equipment, appurtenances, and property contained therein) which was sold to the United States by or under the direction of the Alien Property Custodian under authority of the trading with the enemy act, or any amendment thereto. Such compensation shall be the fair value, as nearly as may be determined, which such radio station would have had on July 2, 1921, if returned to the owner on such date in the same condition as on the date on which it was seized by or on behalf of the United States, or on which

it was conveyed or delivered to, or seized by, the Alien Property Custodian, whichever date is earlier, except that there shall be deducted from such value any consideration paid for such radio station by the United States.

(3) Any patent (or any right therein or claim thereto, and including an application therefor, and any patent issued pursuant to any such application) which was licensed, assigned, or sold by the Alien Property Custodian to the United States. Such compensation shall be the amount, as nearly as may be determined, which would have been paid if such patent, right, claim, or application had been licensed, assigned, or sold to the United States by a citizen of the United States, except that there shall be deducted from such amount any consideration paid therefor by the United States (other than consideration which is returned to the United States under section 27 of the trading with the enemy act, as amended).

(4) The use by or for the United States of any invention described in and covered by any patent (including an application therefor and any patent issued pursuant to any such application) which was conveyed, transferred, or assigned to, or seized by, the Alien Property Custodian, but not including any use during any period between April 6, 1917, and November 11, 1918, both dates inclusive, or on or after the date on which such patent was licensed, assigned, or sold by the Alien Property Custodian. In determining such compensation, any defense, general or special, available to a defendant in an action for infringement or in any suit in equity for relief against an alleged infringement, shall be available to the United States.

(c) The proceedings of the arbiter under this section shall be conducted in accordance with such rules of procedure as he may prescribe. The arbiter, or any referee designated by him, is authorized to administer oaths, to hold hearings at such places within or without the United States as the arbiter deems necessary, and to contract for the reporting of such hearings. Any witness appearing for the United States before the arbiter or any such referee at any place within or without the United States may be paid the same fees and mileage as witnesses in courts of the United States. Such payments shall be made out of any funds in the German special deposit account herein-after provided for, and may be made in advance.

(d) The arbiter may, from time to time, and shall, upon the determination by him of the fair compensation in respect of all such vessels, radio stations, and patents, make a tentative award to each claimant of the fair compensation to be paid in respect of his claim, including simple interest, at the rate of 5 per cent per annum, on the amount of such compensation from July 2, 1921, to December 31, 1928, both dates inclusive. If a German national filing a claim in respect of any such vessel fails to establish to the satisfaction of the arbiter that neither the German Government nor any member of the former ruling family had at the time of the taking any interest in such vessel, either directly or indirectly, through stock ownership or control or otherwise, then (whether or not claim has been filed by or on behalf of such Government or individual) no award shall be made to such German national unless and until the extent of such interest of the German Government and of the members of the former ruling family has been determined by the arbiter. Upon such determination the arbiter shall make a tentative award in favor of such Government or individual in such amount as the arbiter determines to be in justice and equity representative of such interest, and reduce accordingly the amount available for tentative awards to German nationals filing claims in respect of the vessel, so that the aggregate of the tentative awards (including awards on behalf of the German Government and members of the former ruling family) in respect of the vessel will be within the amount of fair compensation determined under subsection (b) of this section.

(e) The total amount to be awarded under this section shall not exceed \$100,000,000, minus the sum of (1) the expenditures in carrying out the provisions of this section (including a reasonable estimate for such expenditures to be incurred prior to the expiration of the term of office of the arbiter) and (2) the aggregate consideration paid by the United States in respect of the acquisition of such vessels and radio stations, and the use, license, assignment, and sale of such patents (other than consideration which is returned to the United States under section 27 of the trading with the enemy act, as amended).

(f) If the aggregate amount of the tentative awards exceeds the amount which may be awarded under subsection (e), the arbiter shall reduce pro rata the amount of each tentative award. The arbiter shall enter an award of the amount to be paid each claimant, and thereupon shall certify such awards to the Secretary of the Treasury.

(g) The Secretary of the Treasury is authorized and directed to pay the amount of the awards certified under subsection (f).

(h) The Secretary of the Treasury is authorized and directed to pay annually (as nearly as may be) simple interest, at the rate of 5 per cent per annum, upon the amount of any such award remaining unpaid, beginning January 1, 1929, until paid.

(i) The payments in respect of awards under this section shall be made in accordance with such regulations as the Secretary of the Treasury may prescribe, but only out of the German special deposit account created by section 4, within the limitations hereinafter prescribed, and

in the order of priority provided in subsections (c) and (d) of section 4.

(j) The Secretary of the Treasury shall not pay any amount in respect of any award made to or on behalf of the German Government or any member of the former ruling family, but the amount of any such award shall be credited upon the final payment due the United States from the German Government for the purpose of satisfying the awards of the Mixed Claims Commission.

(k) No payment shall be made under this section unless application therefor is made, within two years after the date the award is certified, in accordance with such regulations as the Secretary of the Treasury may prescribe. Payment of any amount in respect of any award may be made, in the discretion of the Secretary of the Treasury, either in the United States or in Germany, and either in money of the United States or in lawful German money, and shall be made only to the person on behalf of whom the award was made, except that—

(1) If such person is deceased or is under a legal disability, payment shall be made to his legal representative, except that if the payment is not over \$500 it may be made to the persons found by the Secretary of the Treasury to be entitled thereto, without the necessity of compliance with the requirements of law in respect of the administration of estates;

(2) In the case of a partnership, association, or corporation, the existence of which has been terminated, payment shall be made, except as provided in paragraphs (3) and (4), to the persons found by the Secretary of the Treasury to be entitled thereto;

(3) If a receiver or trustee for the person on behalf of whom the award was made has been duly appointed by a court of competent jurisdiction and has not been discharged prior to the date of payment, payment shall be made to the receiver or trustee or in accordance with the order of the court; and

(4) In the case of an assignment of an award, or of an assignment (prior to the making of the award) of the claim in respect of which such award was made, by a receiver or trustee for any such person, duly appointed by a court of competent jurisdiction, payment shall be made to the assignee.

(l) The head of any executive department, independent establishment, or agency in the executive branch of the Government, including the Alien Property Custodian and the Comptroller General, shall, upon request of the arbiter, furnish such records, documents, papers, correspondence, and information in the possession of such department, independent establishment, or agency as may assist the arbiter, furnish him statements and assistance of the same character as is described in section 188 of the Revised Statutes, and may temporarily detail any officers or employees of such department, independent establishment, or agency to assist the arbiter, or to act as a referee, in carrying out the provisions of this section. The Attorney General shall assign such officers and employees of the Department of Justice as may be necessary to represent the United States in the proceedings under this section.

(m) The arbiter, with the approval of the Secretary of the Treasury, is authorized to (1) appoint and fix the salaries of such officers, referees, and employees, without regard to the civil service laws and regulations or to the classification act of 1923, and (2) make such expenditures (including the salary of the arbiter, expenditures for rent and personal services at the seat of government and elsewhere, law books, periodicals, books of reference, and printing and binding), as may be necessary for carrying out the provisions of this section and within the funds available therefor. Any officer or employee detailed or assigned under subsection (l) shall be entitled to receive (notwithstanding any provision of law to the contrary) such additional compensation as the arbiter, with the approval of the Secretary of the Treasury, may prescribe. The arbiter and officers and employees appointed, detailed, or assigned shall be entitled to receive their necessary traveling expenses and actual expenses incurred for subsistence (without regard to any limitations imposed by law) while away from the District of Columbia on business required by this section.

(n) On the date on which the awards are certified to the Secretary of the Treasury under subsection (f) or the date on which the awards are certified to the Secretary of the Treasury under subsection (e) of section 6 (patent claims of Austrian and Hungarian nationals), whichever date is the later, the terms of office of the arbiter, and of the officers and employees appointed by the arbiter, shall expire, and the books, papers, records, correspondence, property, and equipment of the office shall be transferred to the Department of the Treasury.

(o) No award or tentative award shall be made by the arbiter in respect of any claim if (1) such claim is filed after the expiration of four months from the date on which the arbiter takes office, or (2) any judgment or decree awarding compensation or damages in respect thereof has been rendered against the United States, and if such judgment or decree has become final (whether before or after the enactment of this act), or (3) any suit or proceeding against the United States, or any agency thereof, is commenced or is pending in respect thereof and is not dismissed upon motion of the person by or on behalf of whom it was commenced, made before the expiration of six months from the



date on which the arbiter takes office and before any judgment or decree awarding compensation or damages becomes final.

(p) There is hereby authorized to be appropriated, to be immediately available and to remain available until expended, the sum of \$50,000,000, and, after the date on which the awards of the arbiter under this section are certified to the Secretary of the Treasury, such additional amounts as, when added to the amounts previously appropriated, will be equivalent to the aggregate amount of such awards plus the amounts necessary for the expenditures authorized by subsections (c) and (m) of this section (expenses of administration), except that the aggregate of such appropriations shall not exceed \$100,000,000.

(q) The provisions of this section shall constitute the exclusive method for the presentation and payment of claims arising out of any of the acts by or on behalf of the United States for which this section provides a remedy. Any person who files any claim or makes application for any payment under this section shall be held to have consented to all the provisions of this act. This subsection shall not bar the presentation of a claim under section 19 (relating to the claims of certain former German nationals in respect of the taking of the vessels *Carl Diederichsen* and *Johanne*); but no award shall be made under section 19 in respect of either of such vessels to or on behalf of any person to whom or on whose behalf an award is made under this section in respect of such vessel.

(r) If the aggregate amount to be awarded in respect of any vessel, radio station, or patent is awarded in respect of two or more claims, such amount shall be apportioned among such claims by the arbiter as he determines to be just and equitable and as the interests of the claimants may appear.

(s) The Secretary of the Treasury, upon the certification of any of the tentative awards made under subsection (d) of this section and the recommendation of the arbiter, may make such pro rata payments in respect of such tentative awards as he deems advisable, but the aggregate of such payments shall not exceed \$25,000,000.

#### GERMAN SPECIAL DEPOSIT ACCOUNT

SEC. 4. (a) There is hereby created in the Treasury a German special deposit account, into which shall be deposited all funds hereinafter specified and from which shall be disbursed all payments authorized by section 2 or 3, including the expenses of administration authorized under subsections (c) and (m) of section 3 and subsection (e) of this section.

(b) The Secretary of the Treasury is authorized and directed to deposit in such special deposit account—

(1) All sums invested or transferred by the Alien Property Custodian, under the provisions of section 25 of the trading with the enemy act, as amended;

(2) The amounts appropriated under the authority of section 3 (relating to claims of German nationals); and

(3) All money (including the proceeds of any property, rights, or benefits which may be sold or otherwise disposed of, upon such terms as he may prescribe) received, whether before or after the enactment of this act, by the United States in respect of claims of the United States against Germany on account of the awards of the Mixed Claims Commission.

(c) The Secretary of the Treasury is authorized and directed, out of the funds in such special deposit account, subject to the provisions of subsection (d), and in the following order of priority—

(1) To make the payments of expenses of administration authorized by subsections (c) and (m) of section 3 or subsection (e) of this section;

(2) To make so much of each payment authorized by subsection (b) of section 2 (relating to awards of the Mixed Claims Commission), as is attributable to an award on account of death or personal injury, together with interest thereon as provided in subsection (c) of section 2;

(3) To make each payment authorized by subsection (b) of section 2 (relating to awards of the Mixed Claims Commission), if the amount thereof is not payable under paragraph (2) of this subsection and does not exceed \$100,000, and to pay interest thereon as provided in subsection (c) of section 2;

(4) To pay the amount of \$100,000 in respect of each payment authorized by subsection (b) of section 2 (relating to awards of the Mixed Claims Commission), if the amount of such authorized payment is in excess of \$100,000 and is not payable in full under paragraph (2) of this subsection. No person shall be paid under this paragraph and paragraph (3) an amount in excess of \$100,000 (exclusive of interest beginning January 1, 1928), irrespective of the number of awards made on behalf of such person;

(5) To make additional payments authorized by subsection (b) of section 2 (relating to awards of the Mixed Claims Commission), in such amounts as will make the aggregate payments (authorized by such subsection) under this paragraph and paragraphs (2), (3), and (4) of this subsection equal to 80 per cent of the aggregate amount of all payments authorized by subsection (b) of section 2. Payments under this paragraph shall be prorated on the basis of the amount of the respective payments authorized by subsection (b) of section 2 and remaining unpaid. Pending the completion of the work of the Mixed Claims Commission, the Secretary of the Treasury is authorized to pay such installments

of the payments authorized by this paragraph as he determines to be consistent with prompt payment under this paragraph to all persons on behalf of whom claims have been presented to the commission;

(6) To pay amounts determined by the Secretary of the Treasury to be payable in respect of the tentative awards of the arbiter, in accordance with the provisions of subsection (s) of section 3 (relating to awards for ships, patents, and radio stations);

(7) To pay to German nationals such amounts as will make the aggregate payments equal to 50 per cent of the amounts awarded under section 3 (on account of ships, patents, and radio stations). Payments authorized by this paragraph or paragraph (6) may, to the extent of funds available under the provisions of subsection (d) of this section, be made whether or not the payments under paragraphs (1) to (5), inclusive, of this subsection have been completed;

(8) To pay accrued interest upon the participating certificates evidencing the amounts invested by the Alien Property Custodian under subsection (a) of section 25 of the trading with the enemy act, as amended (relating to the investment of 20 per cent of German property temporarily withheld);

(9) To pay the accrued interest payable under subsection (c) of section 2 (in respect of awards of the Mixed Claims Commission) and subsection (h) of section 3 (in respect of awards to German nationals);

(10) To make such payments as are necessary (A) to repay the amounts invested by the Alien Property Custodian under subsection (a) of section 25 of the trading with the enemy act, as amended (relating to the investment of 20 per cent of German property temporarily withheld), (B) to pay amounts equal to the difference between the aggregate payments (in respect of claims of German nationals) authorized by subsections (g) and (h) of section 3 and the amounts previously paid in respect thereof, and (C) to pay amounts equal to the difference between the aggregate payments (in respect of awards of the Mixed Claims Commission) authorized by subsections (b) and (c) of section 2, and the amounts previously paid in respect thereof. If funds available are not sufficient to make the total payments authorized by this paragraph, the amount of payments made from time to time shall be apportioned among the payments authorized under clauses (A), (B), and (C) according to the aggregate amount remaining unpaid under each clause;

(11) To make such payments as are necessary to repay the amounts invested by the Alien Property Custodian under subsection (b) of section 25 of the trading with the enemy act, as amended (relating to the investment of the unallocated interest fund); but the amount payable under this paragraph shall not exceed the aggregate amount allocated to the trusts described in subsection (c) of section 26 of such act;

(12) To pay into the Treasury as miscellaneous receipts the amount of the awards of the Mixed Claims Commission to the United States, on its own behalf, on account of claims of the United States against Germany; and

(13) To pay into the Treasury as miscellaneous receipts any funds remaining in the German special deposit account after the payments authorized by paragraphs (1) to (12) have been completed.

(d) Fifty per cent of the amounts appropriated under the authority of section 3 (relating to claims of German nationals) shall be available for payments under paragraphs (6) and (7) of subsection (c) of this section (relating to such claims) and shall be available only for such payments until such time as the payments authorized by such paragraphs have been completed.

(e) The Secretary of the Treasury is authorized to pay, from funds in the German special deposit account, such amounts, not in excess of \$25,000 per annum, as may be necessary for the payment of the expenses in carrying out the provisions of this section and section 25 of the trading with the enemy act, as amended (relating to the investment of funds by the Alien Property Custodian), including personal services at the seat of government.

(f) The Secretary of the Treasury is authorized to invest and re-invest, from time to time, in bonds, notes, or certificates of indebtedness of the United States any of the funds in the German special deposit account, and to deposit to the credit of such account the interest or other earnings thereon.

(g) There shall be deducted from the amounts first payable under this section to any American national in respect of any debt the amount, if any, paid by the Alien Property Custodian in respect of such debt which was not credited by the Mixed Claims Commission in making its award.

#### CLAIMS OF UNITED STATES AND ITS NATIONALS AGAINST AUSTRIA AND HUNGARY

SEC. 5. (a) The commissioner of the Tripartite Claims Commission (hereinafter referred to as the "commissioner"), selected in pursuance of the agreement of November 26, 1924, between the United States and Austria and Hungary shall, from time to time, certify to the Secretary of the Treasury the judgments and interlocutory judgments (hereinafter referred to as "awards") of the commissioner.

(b) The Secretary of the Treasury is authorized and directed to pay (1) in the case of any such judgment, an amount equal to the principal thereof, plus the interest thereon in accordance with such judg-

ment, and (2) in the case of any such interlocutory judgment, an amount equal to the principal thereof (converted at the rate of exchange specified in the certificate of the commissioner provided for in section 7), plus the interest thereon in accordance with such certificate.

(c) The payments authorized by subsection (b) shall be made in accordance with such regulations as the Secretary of the Treasury may prescribe, but only out of the special deposit account (Austrian or Hungarian, as the case may be), created by section 7, and within the limitations hereinafter prescribed.

(d) There shall be deducted from the amount of each payment, as reimbursement for expenses incurred by the United States in respect thereof, an amount equal to one-half of 1 per cent thereof. The amount so deducted shall be deposited in the Treasury as miscellaneous receipts.

(e) The amounts awarded to the United States in respect of claims of the United States on its own behalf shall be payable under this section.

(f) No payment shall be made under this section (other than payments to the United States in respect of claims of the United States on its own behalf) unless application therefor is made within two years after the date of the enactment of this act in accordance with such regulations as the Secretary of the Treasury may prescribe. Payment shall be made only to the person on behalf of whom the award was made except in the cases specified in paragraphs (1) to (4) of subsection (g) of section 2.

(g) Any person who makes application for payment under this section shall be held to have consented to all the provisions of this act.

#### CLAIMS OF AUSTRIAN AND HUNGARIAN NATIONALS AGAINST THE UNITED STATES

SEC. 6. (a) It shall be the duty of the arbiter, within the limitations hereinafter prescribed, to hear the claims of any Austrian or Hungarian national (as hereinafter defined) and to determine the compensation to be paid by the United States, in respect of—

(1) Any patent (or any right therein or claim thereto, and including an application therefor and any patent issued pursuant to any such application) which was licensed, assigned, or sold by the Alien Property Custodian to the United States. Such compensation shall be the amount, as nearly as may be determined, which would have been paid if such patent, right, claim, or application had been licensed, assigned, or sold to the United States by a citizen of the United States, except that there shall be deducted from such amount any consideration paid therefor by the United States (other than consideration which is returned to the United States under section 27 of the trading with the enemy act, as amended).

(2) The use by or for the United States of any invention described in and covered by any patent (including an application therefor and any patent issued pursuant to any such application) which was conveyed, transferred, or assigned to, or seized by, the Alien Property Custodian, but not including any use during any period between December 7, 1917, and November 3, 1918, both dates inclusive, or on or after the date on which such patent was licensed, assigned, or sold by the Alien Property Custodian. In determining such compensation, any defense, general or special, available to a defendant in an action for infringement or in any suit in equity for relief against an alleged infringement, shall be available to the United States.

(b) The proceedings of the arbiter under this section shall be conducted in accordance with such rules of procedure as he may prescribe. The arbiter, or any referee designated by him, is authorized to administer oaths, to hold hearings at such places within or without the United States as the arbiter deems necessary, and to contract for the reporting of such hearings. Any witness appearing for the United States before the arbiter or any such referee at any place within or without the United States may be paid the same fees and mileage as witnesses in courts of the United States. Such payments may be made in advance, and may be made in the first instance out of the German special deposit account, subject to reimbursement from the special deposit account (Austrian or Hungarian, as the case may be) hereinafter provided for.

(c) The arbiter shall, upon the determination by him of the fair compensation in respect of all such patents, make a tentative award to each claimant of the fair compensation to be paid in respect of his claim, including simple interest at the rate of 5 per cent per annum, on the amount of such compensation from July 2, 1921, to December 31, 1928, both dates inclusive.

(d) The total amount to be awarded under this section shall not exceed \$1,000,000, minus the sum of (1) the expenditures in carrying out the provisions of this section (including a reasonable estimate for such expenditures to be incurred prior to the expiration of the term of office of the arbiter), and (2) the aggregate consideration paid by the United States in respect of the use, license, assignment, and sale of such patents (other than consideration which is returned to the United States under section 27 of the trading with the enemy act, as amended).

(e) If the aggregate amount of the tentative awards exceeds the amount which may be awarded under subsection (d), the arbiter shall reduce pro rata the amount of each tentative award. The arbiter shall

enter an award of the amount to be paid each claimant, and thereupon shall certify such awards to the Secretary of the Treasury.

(f) The Secretary of the Treasury is authorized and directed to pay the amount of the awards certified under subsection (e), together with simple interest thereon, at the rate of 5 per cent per annum, beginning January 1, 1929, until paid.

(g) The payments authorized by subsection (f) shall be made in accordance with such regulations as the Secretary of the Treasury may prescribe, but only out of the Hungarian special deposit account (Austrian or Hungarian, as the case may be), created by section 7, and within the limitations hereinafter prescribed.

(h) No payment shall be made under this section unless application therefor is made, within two years after the date the award is certified, in accordance with such regulations as the Secretary of the Treasury may prescribe. Payment of any amount in respect of any award may be made, in the discretion of the Secretary of the Treasury, either in the United States or in Austria or in Hungary, and either in money of the United States or in lawful Austrian or Hungarian money (as the case may be), and shall be made only to the person on behalf of whom the award was made, except in the cases specified in paragraphs (1) to (4) of subsection (k) of section 3.

(i) The provisions of subsections (l), (m), and (o) of section 3 shall be applicable in carrying out the provisions of this section, except that the expenditures in carrying out the provisions of section 3 and this section shall be allocated (as nearly as may be) by the arbiter and paid, in accordance with such allocation, out of the German special deposit account created by section 4 or the special deposit account (Austrian or Hungarian, as the case may be) created by section 7. Such payments may be made in the first instance out of the German special deposit account, subject to reimbursement from the Austrian or the Hungarian special deposit account in appropriate cases.

(j) There is hereby authorized to be appropriated, to remain available until expended, such amount, not in excess of \$1,000,000, as may be necessary for carrying out the provisions of this section.

(k) The provisions of this section shall constitute the exclusive method for the presentation and payment of claims arising out of any of the acts by or on behalf of the United States for which this section provides a remedy. Any person who files any claim or makes application for any payment under this section shall be held to have consented to all the provisions of this act.

(l) If the aggregate amount to be awarded in respect of any patent is awarded in respect of two or more claims, such amount shall be apportioned among such claims by the arbiter as he determines to be just and equitable and as the interests of the claimants may appear.

#### AUSTRIAN AND HUNGARIAN SPECIAL DEPOSIT ACCOUNTS

SEC. 7. (a) There is hereby created in the Treasury an Austrian special deposit account and an Hungarian special deposit account, into which, respectively, shall be deposited all funds hereinafter specified and from which, respectively, shall be disbursed all payments and expenditures authorized by section 5 or 6 or this section.

(b) The Secretary of the Treasury is authorized and directed to deposit in the Austrian or the Hungarian special deposit account, as the case may be—

(1) The respective amounts appropriated under the authority of section 6 (patent claims of Austrian and Hungarian nationals);

(2) The respective sums transferred by the Alien Property Custodian, under the provisions of subsection (g) of section 25 of the trading with the enemy act, as amended (property of Austrian and Hungarian Governments);

(3) All money (including the proceeds of any property, rights, or benefits which may be sold or otherwise disposed of, upon such terms as he may prescribe) received, whether before or after the enactment of this act, by the United States in respect of claims of the United States against Austria or Hungary, as the case may be, on account of awards of the commissioner.

(c) The Secretary of the Treasury is authorized and directed, out of the funds in the Austrian or the Hungarian special deposit account, as the case may be, subject to the provisions of subsections (d) and (e)—

(1) To make the payments of expenses of administration authorized by section 6 or this section;

(2) To make the payments authorized by subsection (b) of section 5 (relating to awards of the Tripartite Claims Commission); and

(3) To make the payments of the awards of the arbiter, together with interest thereon, as provided by section 6 (relating to claims of Austrian and Hungarian nationals).

(d) No payment shall be made in respect of any award of the commissioner against Austria or of the arbiter on behalf of an Austrian national, nor shall any money or other property be returned under paragraph (15), (17), (18), or (19) of subsection (b) of section 9 of the trading with the enemy act, as amended (relating to the return of money and other property by the Alien Property Custodian to Austrian nationals), prior to the date upon which the commissioner certifies to the Secretary of the Treasury—



(1) That the amounts deposited in the Austrian special deposit account under paragraph (2) of subsection (b) of this section (in respect of property of the Austrian Government or property of a corporation all the stock of which was owned by the Austrian Government) and under paragraph (3) of subsection (b) of this section (in respect of money received by the United States in respect of claims of the United States against Austria on account of awards of the commissioner) are sufficient to make the payments authorized by subsection (b) of section 5 in respect of awards against Austria; and

(2) In respect of interlocutory judgments entered by the commissioner the rate of exchange at which such interlocutory judgments shall be converted into money of the United States, and the rate of interest applicable to such judgments and the period during which such interest shall run. The commissioner is authorized and requested to fix such rate of exchange and interest as he may determine to be fair and equitable, and to give notice thereof, within 30 days after the enactment of this act.

(e) No payment shall be made in respect of any award of the commissioner against Hungary or of the arbiter on behalf of an Hungarian national, nor shall any money or other property be returned under paragraph (15), (20), (21), or (22) of subsection (b) of section 9 of the trading with the enemy act, as amended by this act (relating to the return of money and other property by the Alien Property Custodian to Hungarian nationals), prior to the date upon which the commissioner certifies to the Secretary of the Treasury—

(1) That the amounts deposited in the Hungarian special deposit account under paragraph (2) of subsection (b) of this section (in respect of property of the Hungarian Government or property of a corporation all the stock of which was owned by the Hungarian Government) and under paragraph (3) of subsection (b) of this section (in respect of money received by the United States in respect of claims of the United States against Hungary on account of awards of the commissioner), are sufficient to make the payments authorized by subsection (b) of section 5 in respect of awards against Hungary; and

(2) In respect of interlocutory judgments entered by the commissioner, the rate of exchange at which such interlocutory judgments shall be converted into money of the United States and the rate of interest applicable to such judgments and the period during which such interest shall run. The commissioner is authorized and requested to fix such rate of exchange and interest as he may determine to be fair and equitable, and to give notice thereof, within 30 days after the enactment of this act.

(f) Amounts available under subsection (e) of section 4 (relating to payment of expenses of administration) shall be available for the payment of expenses in carrying out the provisions of this section, including personal services at the seat of government.

(g) The Secretary of the Treasury is authorized to invest and reinvest, from time to time, in bonds, notes, or certificates of indebtedness of the United States, any of the funds in the Austrian or the Hungarian special deposit account, and to deposit to the credit of such account the interest or other earnings thereon.

(h) There shall be deducted from the amounts first payable under this section to any American national in respect of any debt, the amount, if any, paid by the Alien Property Custodian in respect of such debt which was not credited by the commissioner in making his award.

(i) The payments of the awards of the commissioner to the United States, on its own behalf, on account of claims of the United States against Austria or Hungary, shall be paid into the Treasury as miscellaneous receipts.

(j) Any amount remaining in the Austrian or the Hungarian special deposit account after all the payments authorized to be made therefrom have been completed, shall be disposed of as follows:

(1) There shall first be paid into the Treasury as miscellaneous receipts the respective amount, if any, by which the appropriations made under the authority of section 6 and deposited in such special deposit account exceed the payments authorized by such section; and

(2) The remainder shall be refunded to Austria or Hungary, as their respective interests may appear.

#### FINALITY OF DECISIONS

SEC. 8. (a) Notwithstanding the provisions of section 236 of the Revised Statutes, as amended, the decisions of the Secretary of the Treasury in respect of the funds to be paid into the German, the Austrian, or the Hungarian special deposit account and of the payments therefrom, shall be final and conclusive, and shall not be subject to review by any other officer of the United States, except that payments made under authority of subsection (c) or (m) of section 3 or subsection (e) of section 4 or subsection (f) of section 7 (relating to expenses of administration) shall be accounted for and settled without regard to the provisions of this subsection.

(b) The Secretary of the Treasury, in his annual report to the Congress, shall include a detailed statement of all expenditures made in carrying out the provisions of this act.

#### EXCESSIVE FEES PROHIBITED

SEC. 9. (a) The arbiter and the commissioner of the Mixed Claims Commission appointed by the United States and the commissioner of the

Tripartite Claims Commission, respectively, are authorized and requested to fix reasonable fees in every case (whether or not fixed under any contract or agreement and whether or not there is any dispute in respect of the amount thereof) for services in connection with the proceedings before the arbiter and the Mixed Claims Commission and the Tripartite Claims Commission, respectively, and with the preparations therefor, and the application for payment, and the payment, of any amount under section 2, 3, 5, or 6.

(b) Any person accepting any consideration (whether or not under a contract or agreement entered into prior to the enactment of this act) prior to the date on which the fee is fixed under subsection (a) or the aggregate value of which is in excess of the amount so fixed, for services in connection with the proceedings before the arbiter or Mixed Claims Commission or Tripartite Claims Commission, or any preparations therefor, or with the application for payment, or the payment of, any amount under section 2, 3, 5, or 6 shall, upon conviction thereof, be punished by a fine equal to four times the aggregate value of the consideration accepted by such person therefor.

(c) Section 20 of the trading with the enemy act, as amended, is amended by inserting after the word "attorney" wherever it appears in such section the words "at law or in fact."

(d) Any person who violates subsection (b) of this section or section 20 of the trading with the enemy act, as amended, whether or not convicted of such violation in any court of the United States, shall be ineligible to appear as an attorney at law before any department, agency, or officer of the United States in the executive branch of the Government. Such ineligibility shall be determined under rules and regulations prescribed by the person or persons having authority to prescribe the qualifications for practice before such department, agency, or officer.

#### INVESTMENT OF FUNDS BY ALIEN PROPERTY CUSTODIAN

SEC. 10. The trading with the enemy act, as amended, is amended by adding thereto the following new section:

"SEC. 25. (a) (1) The Alien Property Custodian is authorized and directed to invest, from time to time upon the request of the Secretary of the Treasury, out of the funds held by the Alien Property Custodian or by the Treasurer of the United States for the Alien Property Custodian, an amount not to exceed \$40,000,000 in the aggregate, in one or more participating certificates issued by the Secretary of the Treasury in accordance with the provisions of this section.

"(2) When in the case of any trust written consent under subsection (m) of section 9 has been filed, an amount equal to the portion of such trust the return of which is temporarily postponed under such subsection shall be credited against the investment made under paragraph (1) of this subsection. If the total amount so credited is in excess of the amount invested under paragraph (1) of this subsection, the excess shall be invested by the Alien Property Custodian in accordance with the provisions of this subsection, without regard to the \$40,000,000 limitation in paragraph (1). If the amount invested under paragraph (1) of this subsection is in excess of the total amount so credited, such excess shall, from time to time on request of the Alien Property Custodian, be paid to him out of the funds in the German special deposit account created by section 4 of the settlement of war claims act of 1928, and such payments shall have priority over any payments therefrom other than the payments under paragraph (1) of subsection (c) of such section (relating to expenses of administration).

"(b) The Alien Property Custodian is authorized and directed to invest, in one or more participating certificates issued by the Secretary of the Treasury, out of the unallocated interest fund, as defined in section 28—

"(1) The sum of \$25,000,000. If, after the allocation under section 26 has been made, the amount of the unallocated interest fund allocated to the trusts described in subsection (c) of such section is found to be in excess of \$25,000,000, such excess shall be invested by the Alien Property Custodian in accordance with the provisions of this subsection. If the amount so allocated is found to be less than \$25,000,000 any participating certificate or certificates that have been issued shall be corrected accordingly; and

"(2) The balance of such unallocated interest fund remaining after the investment provided for in paragraph (1) and the payment of allocated earnings in accordance with the provisions of subsection (b) of section 26 have been made.

"(c) If the amount of such unallocated interest fund, remaining after the investment required by paragraph (1) of subsection (b) of this section has been made, is insufficient to pay the allocated earnings in accordance with subsection (b) of section 26, then the amount necessary to make up the deficiency shall be paid out of the funds in the German special deposit account created by section 4 of the settlement of war claims act of 1928, and such payment shall have priority over any payments therefrom other than the payments under paragraph (1) of subsection (c) of such section (relating to expenses of administration) and the payments under paragraph (2) of subsection (a) of this section.

"(d) The Alien Property Custodian is authorized and directed (after the payment of debts under section 9) to transfer to the Secretary of the Treasury, for deposit in such special deposit account, all money

and the proceeds of all property, including all income, dividends, interest, annuities, and earnings accumulated in respect thereof, owned by the German Government or any member of the former ruling family. All money and other property shall be held to be owned by the German Government (1) if no claim thereto has been filed with the Alien Property Custodian prior to the expiration of six months from the date of the enactment of the settlement of war claims act of 1928, or (2) if any such claim has been filed within such period, then if the ownership thereof under any such claim is not established. The amounts so transferred under this subsection shall be credited upon the final payment due the United States from the German Government on account of the awards of the Mixed Claims Commission.

"(e) The Secretary of the Treasury is authorized and directed to issue to the Alien Property Custodian, upon such terms and conditions and under such regulations as the Secretary of the Treasury may prescribe, one or more participating certificates, bearing interest payable annually (as nearly as may be) at the rate of 5 per cent per annum, as evidence of the investment by the Alien Property Custodian under subsection (a), and one or more noninterest-bearing participating certificates as evidence of the investment by the Alien Property Custodian under subsection (b). All such certificates shall evidence a participating interest, in accordance with, and subject to the priorities of, the provisions of section 4 of the settlement of war claims act of 1928, in the funds in the German special deposit account created by such section, except that—

"(1) The United States shall assume no liability, directly or indirectly, for the payment of any such certificates, or of the interest thereon, except out of funds in such special deposit account available therefor, and all such certificates shall so state on their face; and

"(2) Such certificates shall not be transferable, except that the Alien Property Custodian may transfer any such participating certificate evidencing the interest of a substantial number of the owners of the money invested, to a trustee duly appointed by such owners.

"(f) Any amount of principal or interest paid to the Alien Property Custodian in accordance with the provisions of subsection (c) of section 4 of the settlement of war claims act of 1928 shall be allocated pro rata among the persons filing written consents under subsection (m) of section 9 of this act, and the amounts so allocated shall be paid to such persons. If any person to whom any amount is payable under this subsection has died (or if, in the case of a partnership, association, or other unincorporated body of individuals, or a corporation, its existence has terminated), payment shall be made to the persons determined by the Alien Property Custodian to be entitled thereto.

"(g) The Alien Property Custodian is authorized and directed (after the payment of debts under section 9) to transfer to the Secretary of the Treasury, for deposit in the special deposit account (Austrian or Hungarian, as the case may be), created by section 7 of the settlement of war claims act of 1928, all money and the proceeds of all property, including all income, dividends, interest, annuities, and earnings accumulated in respect thereof, owned by the Austrian Government or any corporation all the stock of which was owned by or on behalf of the Austrian Government (including the property of the Imperial Royal Tobacco Monopoly, also known under the name of K. K. Oesterreichische Tabak Regie), or owned by the Hungarian Government or by any corporation all the stock of which was owned by or on behalf of the Hungarian Government."

#### RETURN TO NATIONALS OF GERMANY, AUSTRIA, AND HUNGARY OF PROPERTY HELD BY ALIEN PROPERTY CUSTODIAN

SEC. 11. Subsection (b) of section 9 of the trading with the enemy act, as amended, is amended by striking out the punctuation at the end of paragraph (11) and inserting in lieu thereof a semicolon and the word "or" and inserting after paragraph (11) the following new paragraphs:

"(12) A partnership, association, or other unincorporated body of individuals, or a corporation, and was entirely owned at such time by subjects or citizens of nations, states, or free cities other than Austria or Hungary or Austria-Hungary and is so owned at the time of the return of its money or other property, and has filed the written consent provided for in subsection (m); or

"(13) A partnership, association, or other unincorporated body of individuals, having its principal place of business at such time within any country other than Austria, Hungary, or Austria-Hungary, or a corporation organized or incorporated within any country other than Austria, Hungary, or Austria-Hungary, and that the written consent provided for in subsection (m) has been filed; or

"(14) An individual who at such time was a citizen or subject of Germany or who, at the time of the return of any money or other property, is a citizen or subject of Germany or is not a citizen or subject of any nation, state, or free city, and that the written consent provided for in subsection (m) has been filed; or

"(15) The Austro-Hungarian Bank, except that the money or other property thereof shall be returned only to the liquidators thereof; or

"(16) An individual, partnership, association, or other unincorporated body of individuals, or a corporation, and that the written consent provided for in subsection (m) has been filed, and that no suit or proceeding

against the United States or any agency thereof is pending in respect of such return, and that such individual has filed a written waiver renouncing on behalf of himself, his heirs, successors, and assigns any claim based upon the fact that at the time of such return he was in fact entitled to such return under any other provision of this act; or

"(17) A partnership, association, or other unincorporated body of individuals, or a corporation, and was entirely owned at such time by citizens of Austria and is so owned at the time of the return of its money or other property; or

"(18) A partnership, association, or other unincorporated body of individuals, having its principal place of business at such time within Austria, or a corporation organized or incorporated within Austria; or

"(19) An individual who at such time was a citizen of Austria or who, at the time of the return of any money or other property, is a citizen of Austria; or

"(20) A partnership, association, or other unincorporated body of individuals, or a corporation, and was entirely owned at such time by citizens of Hungary and is so owned at the time of the return of its money or other property; or

"(21) A partnership, association, or other unincorporated body of individuals, having its principal place of business at such time within Hungary, or a corporation organized or incorporated within Hungary; or

"(22) An individual who at such time was a citizen of Hungary or who, at the time of the return of any money or other property, is a citizen of Hungary;—"

SEC. 12. (a) Subsection (d) of section 9 of the trading with the enemy act, as amended, is amended to read as follows:

"(d) Whenever an individual, deceased, would have been entitled, if living, to the return of any money or other property without filing the written consent provided for in subsection (m), then his legal representative may proceed for the return of such money or other property in the same manner as such individual might proceed if living, and such money or other property may be returned to such legal representative without requiring the appointment of an administrator, or an ancillary administrator, by a court in the United States, or to any such ancillary administrator, for distribution directly to the persons entitled thereto. Return in accordance with the provisions of this subsection may be made in any case where an application or court proceeding by any legal representative, under the provisions of this subsection before its amendment by the settlement of war claims act of 1928, is pending and undetermined at the time of the enactment of such act. All bonds and other security given under the provisions of this subsection before such amendment shall be canceled or released and all sureties thereon discharged."

(b) Subsection (e) of section 9 of the trading with the enemy act, as amended, is amended by striking out the period at the end thereof and inserting a semicolon and the following: "nor shall a debt be allowed under this section unless notice of the claim has been filed, or application therefor has been made, prior to the date of the enactment of the settlement of war claims act of 1928."

(c) Subsection (g) of section 9 of the trading with the enemy act, as amended, is amended to read as follows:

"(g) Whenever an individual, deceased, would have been entitled, if living, to the return of any money or other property upon filing the written consent provided for in subsection (m), then his legal representative may proceed for the return of such money or other property in the same manner as such individual might proceed if living, and such money or other property may be returned, upon filing the written consent provided for in subsection (m), to such legal representative without requiring the appointment of an administrator, or an ancillary administrator, by a court in the United States, or to any such ancillary administrator, for distribution to the persons entitled thereto. This subsection shall not be construed as extinguishing or diminishing any right which any citizen of the United States may have had under this subsection prior to its amendment by the settlement of war claims act of 1928 to receive in full his interest in the property of any individual dying before such amendment."

SEC. 13. Subsections (j) and (k) of section 9 of the trading with the enemy act, as amended, are amended so as to compare three subsections, to read as follows:

"(j) The Alien Property Custodian is authorized and directed to return to the person entitled thereto, whether or not an enemy or ally of enemy and regardless of the value, any patent, trade-mark, print, label, copyright, or right therein or claim thereto, which was conveyed, transferred, assigned, or delivered to the Alien Property Custodian, or seized by him, and which has not been sold, licensed, or otherwise disposed of under the provisions of this act, and to return any such patent, trade-mark, print, label, copyright, or right therein or claim thereto, which has been licensed, except that any patent, trade-mark, print, label, copyright, or right therein or claim thereto, which is returned by the Alien Property Custodian and which has been licensed, or in respect of which any contract has been entered into, or which is subject to any lien or encumbrance, shall be returned subject to the license, contract, lien, or encumbrance.

"(k) Except as provided in section 27, paragraphs (12) to (22), both inclusive, of subsection (b) of this section shall apply to the



proceeds received from the sale, license, or other disposition of any patent, trade-mark, print, label, copyright, or right therein or claim thereto, conveyed, transferred, assigned, or delivered to the Alien Property Custodian, or seized by him.

"(l) This section shall apply to royalties paid to the Alien Property Custodian, in accordance with a judgment or decree in a suit brought under subsection (f) of section 10; but shall not apply to any other money paid to the Alien Property Custodian under section 10."

SEC. 14. Section 9 of the trading with the enemy act, as amended, is amended by adding at the end thereof the following new subsections:

"(m) No money or other property shall be returned under paragraph (12), (13), (14), or (16) of subsection (b) or under subsection (g) or (n), unless the person entitled thereto files a written consent to a postponement of the return of an amount equal to 20 per cent of the aggregate value of such money or other property (at the time, as nearly as may be, of the return), as determined by the Alien Property Custodian, and the investment of such amount in accordance with the provisions of section 25. Such amount shall be deducted from the money to be returned to such person, so far as possible, and the balance shall be deducted from the proceeds of the sale of so much of the property as may be necessary, unless such person pays the balance to the Alien Property Custodian, except that no property shall be so sold prior to the expiration of six years from the date of the enactment of the settlement of war claims act of 1928 without the consent of the person entitled thereto. The amounts so deducted shall be returned to the persons entitled thereto as provided in subsection (f) of section 25. The sale of any such property shall be made in accordance with the provisions of section 12, except that the provisions of such section relating to sales or resales to, or for the benefit of, citizens of the United States shall not be applicable.

"(n) In the case of property consisting of stock or other interest in any corporation, association, company, or trust, or of bonded or other indebtedness thereof, evidenced by certificates of stock or by bonds or by other certificates of interest therein or indebtedness thereof, or consisting of dividends or interest or other accruals thereon, where the right, title, and interest in the property (but not the actual certificate or bond or other certificate of interest or indebtedness) was conveyed, transferred, assigned, delivered, or paid to the Alien Property Custodian, or seized by him, if the President determines that the owner thereof or of any interest therein has acquired such ownership by assignment, transfer, or sale of such certificate or bond or other certificate of interest or indebtedness (it being the intent of this subsection that such assignment, transfer, or sale shall not be deemed invalid hereunder by reason of such conveyance, transfer, assignment, delivery, or payment to the Alien Property Custodian or seizure by him), and that the written consent provided for in subsection (m) has been filed, then the President may make in respect of such property an order of the same character, upon the same conditions, and with the same effect, as in cases provided for in subsection (b), including the benefits of subsection (c).

"(o) The provisions of paragraph (12), (13), (14), (17), (18), (19), (20), (21), or (22) of subsection (b), or of subsection (m) or (n) of this section, and (except to the extent therein provided) the provisions of paragraph (16) of subsection (b), shall not be construed as diminishing or extinguishing any right under any other provision of this act in force immediately prior to the enactment of the settlement of war claims act of 1928.

"(p) The Alien Property Custodian shall transfer the money or other property in the trust of any partnership, association, or other unincorporated body of individuals, or corporation, the existence of which has terminated, to trusts in the names of the persons (including the German Government and members of the former ruling family) who have succeeded to its claim or interest; and the provisions of subsection (a) of this section relating to the collection of a debt (by order of the President or of a court) out of money or other property held by the Alien Property Custodian or the Treasurer of the United States shall be applicable to the debts of such successor and any such debt may be collected out of the money or other property in any of such trusts if not returnable under subsection (a) of this section.

"(q) The return of money or other property under paragraph (15), (17), (18), (19), (20), (21), or (22) of subsection (b) (relating to the return to Austrian and Hungarian nationals) shall be subject to the limitations imposed by subsections (d) and (e) of section 7 of the settlement of war claims act of 1928."

SEC. 15. The trading with the enemy act, as amended, is amended by adding thereto the following new sections:

"SEC. 26. (a) The Alien Property Custodian shall allocate among the various trusts the funds in the 'unallocated interest fund' (as defined in section 28). Such allocation shall be made by the Alien Property Custodian and shall be based upon the average rate of earnings (determined by the Secretary of the Treasury) on the total amounts deposited under section 12.

"(b) The Alien Property Custodian, when the allocation has been made, is authorized and directed to pay to persons entitled, in accordance with a final decision of a court of the United States or of the District of Columbia, or of an opinion of the Attorney General, to the

distribution of any portion of such unallocated interest fund, the amount allocated to his trust, except as provided in subsection (c) of this section.

"(c) In the case of persons entitled, under paragraph (12), (13), (14), or (16) of subsection (b) of section 9, to such return, and in the case of persons who would be entitled to such return thereunder if all such money or property had not been returned under paragraph (9) or (10) of such subsection, and in the case of persons entitled to such return under subsection (n) of section 9, an amount equal to the aggregate amount allocated to their trusts shall be credited against the sum of \$25,000,000 invested in participating certificates under paragraph (1) of subsection (b) of section 25. If the aggregate amount so allocated is in excess of \$25,000,000, an amount equal to the excess shall be invested in the same manner. Upon the repayment of any of the amounts so invested, under the provisions of section 4 of the settlement of war claims act of 1928, the amount so repaid shall be distributed pro rata among such persons, notwithstanding any receipts or releases given by them.

"(d) The unallocated interest fund shall be available for carrying out the provisions of this section, including the expenses of making the allocation.

"SEC. 27. The Alien Property Custodian is authorized and directed to return to the United States any consideration paid to him by the United States under any license, assignment, or sale by the Alien Property Custodian to the United States of any patent (or any right therein or claim thereto, and including an application therefor and any patent issued pursuant to any such application).

"SEC. 28. As used in this act, the term 'unallocated interest fund' means the sum of (1) the earnings and profits accumulated prior to March 4, 1923, and attributable to investments and reinvestments under section 12 by the Secretary of the Treasury, plus (2) the earnings and profits accumulated on or after March 4, 1923, in respect of the earnings and profits referred to in clause (1) of this section.

"SEC. 29. (a) Where the Alien Property Custodian has made demand or requirement for the conveyance, transfer, assignment, delivery, or payment to him of any money or other property of any enemy or ally of enemy (whether or not suit or proceeding for the enforcement thereof has been begun and whether or not any judgment or decree in respect thereof has been made or entered) and where the whole or any part of such money or other property would, if conveyed, transferred, assigned, delivered, or paid to him, be returnable under paragraph (12), (13), (14), or (16) of subsection (b) of section 9, the Alien Property Custodian may, in his discretion, and on such terms and conditions as he may prescribe, waive such demand or requirement, or accept in full satisfaction of such demand, requirement, judgment, or decree, a less amount than that demanded or required by him.

"(b) The Alien Property Custodian shall make any such waiver or compromise only with the approval of the Attorney General; and then only if, after compliance with the terms and conditions of such waiver or compromise, the Alien Property Custodian or the Treasurer of the United States will hold (in respect of such enemy or ally of enemy) for investment as provided in section 25 an amount equal to 20 per cent of the sum of (1) the value of the money or other property held by the Alien Property Custodian or the Treasurer of the United States at the time of such waiver or compromise, plus (2) the value of the money or other property to which the Alien Property Custodian would be entitled under such demand or requirement if the waiver or compromise had not been made.

"(c) Where the Alien Property Custodian has made demand or requirement for the conveyance, transfer, assignment, delivery, or payment to him of any money or other property of any enemy or ally of enemy (whether or not suit or proceeding for the enforcement thereof has been begun and whether or not any judgment or decree in respect thereof has been made or entered) and where the whole or any part of such money or other property would, if conveyed, transferred, assigned, delivered, or paid to him, be returnable under paragraph (15), (17), (18), (19), (20), (21), or (22) of subsection (b) of section 9, the Alien Property Custodian may, in his discretion, and on such terms and conditions as he may prescribe, waive such demand and requirement, but only with the approval of the Attorney General.

"(d) Nothing in this section shall be construed as requiring the Alien Property Custodian to make any waiver or compromise authorized by this section, and the Alien Property Custodian may proceed in respect of any demand or requirement referred to in subsection (a) or (c) as if this section had not been enacted.

"SEC. 30. Any money or other property returnable under subsection (b) or (n) of section 9 shall, at any time prior to such return, be subject to attachment in accordance with the provisions of the code of law for the District of Columbia, as amended, relating to attachments in suits at law, but any writ of attachment or garnishment issuing in any such suit shall be served only upon the Alien Property Custodian, who shall for the purposes of such suit be considered as holding credits in favor of the person entitled to such return to the extent of the value of the money or other property so returnable.

"SEC. 31. As used in this act, the term 'member of the former ruling family' means (1) any person who was at any time between April 6,

1917, and July 2, 1921, the German Emperor or the ruler of any constituent State of the German Empire, or (2) the wife or any child of such person."

SEC. 16. Section 22 of the trading with the enemy act, as amended, is amended to read as follows:

"SEC. 22. No person shall be entitled to the return of any property or money under any provision of this act, or any amendment of this act, who is a fugitive from justice of the United States or any State or Territory thereof, or the District of Columbia."

#### RETURN OF INCOME

SEC. 17. Section 23 of the trading with the enemy act, as amended, is amended to read as follows:

"SEC. 23. The Alien Property Custodian is directed to pay to the person entitled thereto, from and after March 4, 1923, the net income (including dividends, interest, annuities, and other earnings), accruing and collected thereafter, in respect of any money or property held in trust for such person by the Alien Property Custodian or by the Treasurer of the United States for the account of the Alien Property Custodian, under such rules and regulations as the President may prescribe."

#### TAXES

SEC. 18. Section 24 of the trading with the enemy act, as amended, is amended by inserting "(a)" after the section number and by adding at the end of such section new subsections to read as follows:

"(b) In the case of income, war-profits, excess-profits, or estate taxes imposed by any act of Congress, the amount thereof shall, under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, be computed in the same manner (except as hereinafter in this section provided) as though the money or other property had not been seized by or paid to the Alien Property Custodian, and shall be paid, as far as practicable, in accordance with subsection (a) of this section.

"(c) So much of the net income of a taxpayer for the taxable year 1917, or any succeeding taxable year, as represents the gain derived from the sale or exchange by the Alien Property Custodian of any property conveyed, transferred, assigned, delivered, or paid to him, or seized by him, may at the option of the taxpayer be segregated from the net income and separately taxed at the rate of 12½ per cent. This subsection shall be applied and the amount of net income to be so segregated shall be determined, under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, as nearly as may be in the same manner as provided in section 208 of the revenue act of 1926 (relating to capital net gains), but without regard to the period for which the property was held by the Alien Property Custodian before its sale or exchange.

"(d) Any property sold or exchanged by the Alien Property Custodian (whether before or after the date of the enactment of the settlement of war claims act of 1928) shall be considered as having been compulsorily or involuntarily converted, within the meaning of the income, excess-profits, and war-profits tax laws and regulations; and the provisions of such laws and regulations relating to such a conversion shall (under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury) apply in the case of the proceeds of such sale or exchange. For such purpose the date of the return of the proceeds to the person entitled thereto shall be considered as the date of the conversion.

"(e) In case of any internal-revenue tax imposed in respect of property conveyed, transferred, assigned, delivered, or paid to the Alien Property Custodian, or seized by him, and imposed in respect of any period (in the taxable year 1917 or any succeeding taxable year) during which such property was held by him or by the Treasurer of the United States, no interest or civil penalty shall be assessed upon, collected from, or paid by or on behalf of the taxpayer; nor shall any interest be credited or paid to the taxpayer in respect of any credit or refund allowed or made in respect of such tax.

"(f) Any period of limitation for the making of a claim for credit or refund, for the making of an assessment, or for the beginning of distraint or proceeding in court for the collection of any internal-revenue tax (imposed in respect of property conveyed, transferred, assigned, delivered, or paid to the Alien Property Custodian, or seized by him, and imposed in respect of any period, in the taxable year 1917 or any succeeding taxable year, during which such property was held by him or by the Treasurer of the United States) which has expired or which may expire before the expiration of six months from the date of the enactment of the settlement of war claims act of 1928, is extended until the expiration of such six months' period."

#### SHIP CLAIMS OF FORMER GERMAN NATIONALS

SEC. 19. (a) It shall be the duty of the arbiter to hear the claims of any partnership, association, joint-stock company, or corporation, and to determine the amount of compensation to be paid to it by the United States, in respect of the merchant vessels *Carl Diederichsen* and *Johanne* (including any equipment, appurtenances, and property contained therein), title to which was taken by or on behalf of the United States under the authority of the joint resolution of May 12, 1917, and

which were subsequently sold by or on behalf of the United States. Such compensation shall be determined as provided in paragraph (1) of subsection (b) of section 3 of this act, but the aggregate compensation shall not exceed, in the case of the *Carl Diederichsen*, \$166,787.78, and in the case of the *Johanne* \$174,600, such amounts being the price for which the vessels were sold, less, in the case of the *Carl Diederichsen*, the cost of reconditioning. The arbiter shall not make any award under this section in respect of the claim of any partnership, association, joint-stock company, or corporation unless it appears to his satisfaction that all its members and stockholders who were, on April 6, 1917, citizens or subjects of Germany, became, by virtue of any treaty of peace or plebiscite held or further treaty concluded under such treaty of peace, and are on the date of the enactment of this act citizens or subjects of any nation other than Germany.

(b) Upon the determination by him of such compensation the arbiter shall enter an award in favor of such person of the amount of such compensation and shall certify such award to the Secretary of the Treasury. The amount of such award, together with interest thereon at the rate of 5 per cent per annum from July 2, 1921, until the date of such payment, shall be paid by the Secretary of the Treasury in accordance with such regulations as he may prescribe. There is authorized to be appropriated such amount as may be necessary to make such payment.

(c) No payment shall be made in respect of any award under this section unless application therefor is made within two years after the date such award is certified, in accordance with such regulations as the Secretary of the Treasury may prescribe, and payment shall be made only to the person on behalf of whom the award was made, except in the cases specified in paragraphs (1) to (4) of subsection (k) of section 3. The provisions of subsections (c), (l), (m), (o), and (r) of section 3 shall be applicable in carrying out the provisions of this section.

(d) The provisions of this section shall constitute the exclusive method for the presentation and payment of claims arising out of any of the acts by or on behalf of the United States for which this section provides a remedy. Any person who files any claim or makes application for any payment under this section shall be held to have consented to all the provisions of this act. This subsection shall not bar the presentation of a claim under section 3 (relating to the ship claims of German nationals) in respect of the taking of the vessel *Carl Diederichsen* or the vessel *Johanne*; but no award shall be made under section 3 in respect of either of such vessels to or on behalf of any person to whom or on whose behalf an award is made under this section in respect of such vessel.

#### DEFINITIONS

SEC. 20. As used in this act—

(a) The term "person" means an individual, partnership, association, or corporation.

(b) The term "German national" means—

(1) An individual who, on April 6, 1917, was a citizen or subject of Germany, or who, on the date of the enactment of this act, is a citizen or subject of Germany.

(2) A partnership, association, or corporation which on April 6, 1917, was organized or created under the law of Germany.

(3) The Government of Germany.

(c) The term "member of the former ruling family" means (1) any person who was at any time between April 6, 1917, and July 2, 1921, the German Emperor or the ruler of any constituent State of the German Empire, or (2) the wife or any child of such person.

(d) The term "Austrian national" means—

(1) An individual who on December 7, 1917, was a citizen of Austria, or who on the date of the enactment of this act is a citizen of Austria.

(2) A partnership, association, or corporation which, on December 7, 1917, was organized or created under the law of Austria.

(3) The Government of Austria.

(e) The term "Hungarian national" means—

(1) An individual who, on December 7, 1917, was a citizen of Hungary, or who on the date of the enactment of this act is a citizen of Hungary.

(2) A partnership, association, or corporation which, on December 7, 1917, was organized or created under the law of Hungary.

(3) The Government of Hungary.

(f) The term "United States" when used in a geographical sense includes the Territories and possessions of the United States and the District of Columbia.

Mr. SMOOT. Mr. President—

Mr. FLETCHER. Will the Senator yield to me?

Mr. SMOOT. I yield to the Senator from Florida.

Mr. FLETCHER. Mr. President, with reference to the pending bill, I wish to have inserted in the Record a letter from Mr. Carl Buche, of Glenwood, Fla.

The PRESIDING OFFICER (Mr. STEIWER in the chair). Without objection, it will be so ordered.

The letter is as follows:



GLENWOOD, FLA., February 14, 1923.

HON. DUNCAN U. FLETCHER,

Senate Office Building, Washington, D. C.

MY DEAR SENATOR: I have filed claims with the Department of State and the Alien Property Custodian under the treaties between the United States and Germany, as well as our Federal laws.

Before the outbreak of the World War, American citizens acquired German securities, payable in gold marks, to the equivalent of at least \$67,000,000, which were left in Germany by the owners thereof so that they could be readily disposed of in case of need. See Senate Document 419, Sixty-sixth Congress, pages 8 and 9, transmitted by President Harding to the Senate, which verifies the fact regarding the amount of American-owned securities in Germany during the war period.

Soon after we declared war against Germany it seized American-owned securities and prevented their sale or removal. Laws enacted by Germany were known as "Measures of economic retaliation against the United States," and they were not repealed until January 10, 1920. See report of German Alien Property Custodian published February 21, 1921, in the Congressional Library, which confirms the fact about the seizure of the bonds.

When these bonds were bought marks were valued at about 24 cents and when they were released marks were valued at 2 cents. Those who issued the bonds got full value and converted the proceeds to their benefit and use.

When the Foreign Relations Committee considered and reported the Knox-Porter resolution in 1921 terminating the state of war, it gave American citizens the right to recover their losses from Germany. Section 5 of that resolution referred to securities issued by German corporations, and Senator Lodge stated on the floor of the Senate, "The resolution was general in terms, elaborate in regard to the protection of claims of citizens of the United States."

Section 5 of the Knox-Porter resolution was incorporated in the treaty of Berlin, and again Senator Lodge referred to the protection accorded the claims of American citizens when he stated on the floor of the Senate September 24, 1921, "We are not limited by the Versailles treaty as to the character of claims for damages; we can make any claims we like."

A short time before the Knox-Porter resolution was enacted, President Harding transmitted to the Senate information about the character and total amount of claims filed against Germany. The total was \$191,000,000, of which \$67,000,000 represented claims based upon the seizure of securities.

In 1923 the Mixed Claims Commission commenced to function, and in 1925 it ruled that unless the securities fell due during the war period or the American owner during the war made an effort to sell or exchange them no recovery could be had. The ruling of the commission conflicts with the report made by Senator Lodge to the Senate, because, as Senator Lodge stated: "The resolution was general in terms, elaborate in regard to the protection of claims of citizens of the United States." The commission has made it impossible by its decisions for American citizens whose claims made up the largest single category of losses to recover the same.

One of the categories of damages that made up the \$191,000,000 of claims was \$30,000,000 representing American-owned deposits of marks in German banks, which had also been seized by Germany exactly as the securities had. These bank deposits were credited chiefly to certain big New York banking interests.

The bank deposits never fell due, and for the purpose of recovering the losses for these New York bankers the American agent and the German agent associated with the Mixed Claims Commission entered into a stipulation in which the representatives of the bankers participated whereby they were to receive 16 cents per mark even though, as stated, the mark bank deposits did not mature during the war period.

According to page 136 of the hearings held by the Committee on Finance on January 13, 1927, relative to the alien property bill, Mr. Bonyne, the American agent, said:

"It was a very important settlement, particularly for our bank deposits, because, as you notice from reading the character of debts specified in the treaty, it would have been necessary to establish that the debt matured during the war. Now, a bank deposit ordinarily does not mature until a demand is made for the bank deposit. We would have great difficulty in establishing as a debt that the bank deposit has matured during the war. But under this agreement all bank balances were to be valorized at this same rate of 16 cents to the mark. And all that we had to establish was the amount of the bank balance as it existed on April 6, 1917."

Here we have one politically entrenched and favored class of claimants getting their claims allowed when their debts had not matured, compared to another class of claimants without political power being ruled out because their bonds had not matured.

These very same New York banking interests were keenly interested in the sale of German dollar bonds since the signing of the armistice because of the handsome commissions involved, and they were undoubtedly desirous of freeing Germany and its nationals from prior liens existing by reason of the old gold-mark bonds.

In 1926 ex-Secretary of State Hughes was retained by Zimmermann & Forshay Assets Corporation. They were the largest pre-war dealers in German securities, and their particular interests in the matter is caused by virtue of the fact that the equivalent of about \$5,000,000 of their customers' bonds in Germany had been seized and withheld until the mark became worthless.

Mr. Hughes argued his client's case before the United States Supreme Court, and it was predicated upon the provisions of the treaty of Berlin as well as the provisions of subsection E of section 9 of the trading with the enemy act, which specifically provided that any debt owing before October 6, 1917, to American citizens should be paid out of his particular German debtor's property in the possession of the Alien Property Custodian. For instance, if A, a German national, had property which had been taken over by the Alien Property Custodian and owed B a debt which was contracted prior to October 6, 1917, then B was entitled to repayment of the loan out of A's property in the possession of the Alien Property Custodian.

The Supreme Court held by a decision of 5 to 4 that the date the debt fell due should determine the rate of exchange. This permitted practically all German debtors to escape the repayment of their bonds.

I submit that it is most unusual for a former Secretary of State to go before the United States Supreme Court and interpret a treaty which he negotiated. Mr. Hughes contended that the debt had to be merely owing and contracted prior to October 6, 1917, the date our trading with the enemy act became effective, and that we were entitled to the dollar rate of exchange existing just before we declared war against Germany, and all that the American citizen had to prove was that the debt was owing to him before that date.

Here we have a situation where the Secretary of State who negotiated a treaty and four Justices of the United States Supreme Court agreeing with him that the treaty of Berlin, taken together with certain provisions of the trading with the enemy act, does not permit of a German debtor to repay his loans owing to American citizens after the currency had become absolutely worthless.

The remedy that these American creditors seek is that Germany and its nationals be compelled to observe their treaty obligations and that the American agent and the German agent of the Mixed Claims Commission not be permitted to formulate the foreign policy of the United States in the matter of discriminating between one class of citizens who can recover debts that are not due and another class who can not recover their loans because they are not due.

As a solution of this matter, I believe that an amendment should be put in the alien property bill. That bill now carries a provision, passed by the House, which allows the proceeds of repudiated German bonds sold by the German Government to American citizens to be used to pay the awards of the Mixed Claims Commission. This results in taking the property of American citizens and handing it over to Germany because it is credited to that Government in the matter of payment of reparations. Here we have a case where money loaned by an American citizen before the war is not returned to the lender but is by express act of the House of Representatives handed over to Germany unconditionally for use in discharging its obligations.

On April 1, 1923, the Hamburg-American Line and the North German Lloyd Line called for payment their entire funded debt, aggregating 93,000,000 marks. See New York Times May 10, 1923. The proceeds of the sale of the bonds issued before the war were used for the building of vessels. American citizens owned some of these bonds which were seized by the German Government. When these bonds were called in shortly after Germany released American-owned bonds, \$5 would buy more than a million marks compared to \$238,000 being required to buy a million marks before the war.

So we have the case of these two steamship lines paying their bondholders less than \$500 for property which represented a material value of about \$23,000,000. In order to disclose to you the outrageous treatment accorded American citizens compared to the generous provisions of the alien property bill in behalf of compensating German shipowners, there is to be inflicted upon the American taxpayer \$100,000,000 as representing the fair value of German ships as of the date we took them over, but the American owner of steamship bonds bought before the war is robbed of his investment and can not obtain the fair value of his bonds as of the date Germany seized them.

Respectfully yours,

CARL BUCHE.

Mr. HARRIS. Mr. President, will the Senator from Utah yield to me for just a moment?

Mr. SMOOT. Mr. President, I will say to the Senator that we have spent three hours to-day in the discussion of other matters, and the bill has not been considered at all. If I were to yield further, I do not know how many other requests of the kind would be made. I should like to have the bill passed to-night, if possible.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute; but amendments to the House text which is proposed to be stricken out, as well as amendments to the new language, are in order,

those to the House text taking precedence. The parliamentary suggests that detail amendments should be offered first, because taking a vote upon the committee amendment will foreclose amendments to the proposed substitute.

The Chair merely calls the attention of the Senate to the parliamentary situation.

Mr. SMOOT. I shall offer whatever amendments I offer to the Senate committee amendment, and I think all of the amendments will be offered in that way.

The PRESIDING OFFICER. They are all in order, the Chair thinks.

Mr. SMOOT. Mr. President, the bill as I reported it to the Senate was prepared hurriedly, and the committee understood that certain language and certain amendments would be left to the members of the drafting board. There are four amendments by way of perfection of provisions of the bill as reported by the Senate that I desire to offer now to the Senate provision of the bill. I send the first one to the desk, and ask to have it stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 88, line 14, at the end of the line, it is proposed to insert a new sentence to read as follows:

If such aggregate value of the money or other property to be returned under paragraphs (12), (13), (14), or (16) of subsection (b) or under subsection (g) is less than \$2,000, then the written consent shall not be required and the money or other property shall be returned in full without the temporary retention and investment of 20 per cent thereof.

Mr. ROBINSON of Arkansas. Mr. President, I take it that that amendment merely relates to minor claims.

Mr. SMOOT. Minor claims; to wind them up so that there will be no delay; and it will save a great deal of expense to the Alien Property Custodian.

Mr. KING. The amount involved is only a few thousand dollars, I understand.

Mr. SMOOT. Forty-two thousand dollars.

Mr. KING. And the cost of administration would exceed, or at least approximate, the amount involved?

Mr. SMOOT. That is true.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SMOOT. I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 90, at the end of line 9, it is proposed to insert the following:

Subject to the above provisions as to the collection of debts, each such successor (except the German Government and members of the former ruling family) may proceed for the return of the amount so transferred to his trust, in the same manner as such partnership, association, or other unincorporated body of individuals, or corporation might proceed if still in existence. If such partnership, association, or other unincorporated body of individuals, or corporation would have been entitled to the return of its money or other property only upon filing the written consent provided for in subsection (m), then the successor shall be entitled to the return under this subsection only upon filing such written consent.

Mr. ROBINSON of Arkansas. Mr. President, what is the purpose of the amendment?

Mr. SMOOT. The bill as reported directs the Alien Property Custodian to split up the property of any partnership, association, or corporation which has ceased to exist and to transfer such property to trusts in the names of the successors. In order that there may be no doubt as to the right of these successors to obtain the return of property to which they have thus become entitled, the amendment offered adds to subsection (p), on page 90, express provisions covering such return.

Mr. ROBINSON of Arkansas. Very well. I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SMOOT. I offer a further amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. Also, on page 87, line 18, before the comma, it is proposed to insert:

or (to the extent therein provided) under subsection (p).

Mr. KING. I ask to have the context read. It is to carry out the former amendment, I know, but I want it to appear in the Record in proper chronological order.

The PRESIDING OFFICER. The clerk will read the text of the bill as it will read if amended.

The legislative clerk read as follows:

No money or other property shall be returned under paragraph (12), (13), (14), or (16) of subsection (b) or under subsection (g) or (n), or (to the extent therein provided) under subsection (p), unless the person entitled—

And so forth.

The amendment to the amendment was agreed to.

Mr. SMOOT. I offer the following amendment, which is merely to correct a clerical error.

The PRESIDING OFFICER. The clerk will read.

The LEGISLATIVE CLERK. On page 91, line 3, strike out the word "persons" and insert the words "each person."

The amendment to the amendment was agreed to.

Mr. SMOOT. I offer the following amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 93, line 4, strike out all after the word "under," through the figure "9," in line 5, and insert in lieu thereof the words "any provision of this act"; strike out lines 11 and 12 and on line 13, through the word "if," and insert in lieu thereof the following:

(b) The Alien Property Custodian shall not make any such waiver or compromise except with the approval of the Attorney General; nor (if any part of such money or property would be returnable only upon the filing of the written consent required by subsection (m) of section 9) unless.

The amendment to the amendment was agreed to.

Mr. SMOOT. I move the following amendment.

The LEGISLATIVE CLERK. On page 94, strike out lines 1 to 15, inclusive, as follows:

(c) Where the Alien Property Custodian has made demand or requirement for the conveyance, transfer, assignment, delivery, or payment to him of any money or other property of any enemy or ally of enemy (whether or not suit or proceeding for the enforcement thereof has been begun and whether or not any judgment or decree in respect thereof has been made or entered) and where the whole or any part of such money or other property would, if conveyed, transferred, assigned, delivered, or paid to him, be returnable under paragraph (15), (17), (18), (19), (20), (21), or (22) of subsection (b) of section 9, the Alien Property Custodian may, in his discretion, and on such terms and conditions as he may prescribe, waive such demand and requirement, but only with the approval of the Attorney General.

Mr. ROBINSON of Arkansas. What would be the effect of that?

Mr. SMOOT. Mr. President, the bill as reported by the committee authorizes waiver or compromise by the Alien Property Custodian, with the approval of the Attorney General, of all demands for delivery of enemy property, if such property would be returnable subject to the retention of 20 per cent. This power can not be exercised unless as a result of its exercise the Alien Property Custodian will have in his hands 20 per cent of the German's property for investment in the special deposit account. Neither the present law nor the bill expressly authorizes waivers or compromises in cases where the property, if obtained under the demand, would be returnable in full to the owner, except in the case of the property of Austrians and Hungarians. There seems no reason why the Alien Property Custodian should obtain possession of the property only to return it immediately to the owner. The amendment suggested, therefore, authorizes the Alien Property Custodian, with the approval of the Attorney General, to make waiver and compromise in all cases, but retains the provision of the bill as reported whereby the waiver or compromise can not be made in the case of German property, unless as a result 20 per cent of the property will be retained for investment in the special deposit account.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment to the amendment was agreed to.

Mr. SMOOT. I offer the following amendment.

The PRESIDING OFFICER. The clerk will read.

The LEGISLATIVE CLERK. On page 94, after line 21, insert a new subsection, as follows:

(e) All money or other property received by the Alien Property Custodian as a result of any action or proceeding (whether begun before or after the enactment of the settlement of war claims act of 1928, and whether or not for the enforcement of a demand or requirement as above specified) shall for the purposes of this act be considered as forming a part of the trust in respect of which such action or proceeding



was brought, and shall be subject to return in the same manner and upon the same conditions as any other money or property in such trust, except as otherwise provided in subsection (b) of this section.

Mr. SMOOT. Mr. President, in explanation of the amendment, I will say that a number of suits have been brought, and others are in contemplation, by the Alien Property Custodian on claims arising out of the disposition of property seized, the conduct of seized businesses, and so forth. These suits are to be distinguished from suits for the enforcement of a demand by the Alien Property Custodian for the transfer of property to him in the first instance and are not covered under section 29, added by the bill to the trading with the enemy act. There is in the existing law no specific direction to the Alien Property Custodian covering the disposition of sums received as a result of proceedings of this kind. This amendment provides that all money so recovered shall be turned into the trust of the person from whom was seized the property which formed the subject of the transaction out of which the suit arose.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment to the amendment was agreed to.

Mr. SMOOT. I offer the following amendment.

The PRESIDING OFFICER. The clerk will read.

The LEGISLATIVE CLERK. On page 97, line 22, strike out all after the period and through line 24 and insert:

For the purpose of determining whether the proceeds of such conversion have been expended within such time as will entitle the taxpayer to the benefits of such laws and regulations relating to such conversion, the date of the return of the proceeds to the person entitled thereto shall be considered as the date of the conversion.

Mr. SMOOT. The explanation of the amendment is as follows: Subsection (d), to which this amendment relates, extends to persons whose property is held by the Alien Property Custodian the benefits of the "involuntary conversion" features of the tax laws, under which gain is not recognized if the proceeds of the property involuntarily converted into cash are immediately invested in similar property or in a replacement fund. The last sentence on page 97, for which the proposed amendment is a substitute, provides that the date of the return of the proceeds shall be considered as the date of the conversion. The sentence was not intended to do more than fix this date for the purpose of determining the promptness of making the investment required to obtain the benefits of the provision. The amendment is to make clear this purpose.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment to the amendment was agreed to.

Mr. SMOOT. I send to the desk the following amendment.

The PRESIDING OFFICER. The clerk will read.

The LEGISLATIVE CLERK. On page 102, after line 22, insert:

SEC. 21. (a) Section 1303 (d) of the revenue act of 1918, as amended by section 1101 of the revenue act of 1924, is amended by adding at the end thereof a sentence to read as follows: "Notwithstanding the foregoing provisions, the compensation of each of the two legislative counsel in office upon the date of the enactment of the settlement of war claims act of 1928 shall, after such date, be at the rate of \$10,000 a year."

(b) The salary of the Special Assistant to the Secretary of the Treasury in matters of legislation, so long as the position is held by the present incumbent, shall be at the rate of \$10,000 a year.

Mr. ROBINSON of Arkansas. What is the purpose of fixing salaries in the bill?

Mr. SMOOT. I do not think there is anyone in the Government service who gives so much time to such difficult questions and is called upon for so many hours work as the parties involved in this.

Mr. ROBINSON of Arkansas. Who are the parties involved?

Mr. SMOOT. Mr. Beaman, Mr. Alvord, and Mr. Lee. They are of the drafting board.

Mr. ROBINSON of Arkansas. Very well.

The amendment to the amendment was agreed to.

Mr. SMOOT. Those are all the amendments I have to offer.

Mr. KING. I offer the following amendment.

The PRESIDING OFFICER. The clerk will read.

The LEGISLATIVE CLERK. On page 44, strike out lines 14 to 24, inclusive, and insert:

SEC. 3. (a) There shall be a war claims arbiter (hereinafter referred to as the "arbiter") who shall be appointed by the President by and with the advice and consent of the Senate, without regard to any provision of law prohibiting the holding of more than one office. The arbiter, notwithstanding any other provision of law, shall receive a salary to be fixed by the President in an amount, if any, which if

added to any other salary will make his total salary from the United States not in excess of \$15,000 a year.

Mr. SMOOT. I have no objection to the amendment.

Mr. ROBINSON of Arkansas. I think we ought to have an explanation of the amendment.

Mr. HEFLIN. Mr. President, before the Senator starts on his explanation, I want to introduce a resolution touching the subject matter under consideration now.

The PRESIDING OFFICER. Is there objection to the presentation of the resolution?

Mr. ROBINSON of Arkansas. Does the resolution of the Senator from Alabama relate to this amendment?

Mr. HEFLIN. It is a resolution relating to the bill now pending.

Mr. ROBINSON of Arkansas. It has no relation to the amendment?

Mr. HEFLIN. It relates to the subject matter of the bill now being considered.

The PRESIDING OFFICER. What disposition does the Senator from Alabama desire to have made of the resolution?

Mr. HEFLIN. I ask that it be printed and lie on the table.

The resolution (S. Res. 151) was ordered to be printed and to lie on the table, as follows:

Resolved, That the Alien Property Custodian be, and he is hereby, directed to send to the Senate at the earliest date consistent with the best interests of the public service the following information for the benefit of the Senate in the consideration of H. R. 7201, first session, Seventieth Congress:

1. The names of any former officer, employee, or attorney, either regularly employed or special, of the Alien Property Custodian's bureau who, after such service, resigned or was dropped and who has later appeared as attorney before said Alien Property Custodian or the Department of Justice in the prosecution of claims for the release of property or for any other person claiming from the United States.

2. The dates of the separation of such persons aforementioned from the service and dates of the appearances as attorney for claimants and the titles of the claims for which they appeared.

3. Whether such former officers, employees, or attorneys were required on receiving releases for clients to execute the required affidavits, under the Winslow Act, as to fees contracted for or to be received.

4. A complete list of claims for property which was released in which the claimants were represented as attorneys by former officers, employees, or attorneys of the Alien Property Custodian.

5. State whether there is any rule or rules regulating practice of attorneys before the Alien Property Custodian's office which forbids the appearance before that bureau of former officers, attorneys, or employees of said bureau within a given date after their separation from the service.

6. Inform the Senate whether it is within the knowledge of the custodian that former officers, attorneys, or employees of that bureau have entered into contracts with former alien enemies upon contingent-fee contracts or otherwise, to obtain through legislation the release of all such property, and also whether any officers, attorneys, or employees of the Alien Property Custodian's office have resigned from office to associate themselves with holders of such contracts in the prosecution of such claims.

7. Also whether any present officer of the Federal Government or former officer of the Federal Government is or has been actively engaged in promoting the passage of H. R. 7201.

Mr. KING. Mr. President, the important change in the phraseology involved in the amendment which I have just offered relates to the question of the approval by the Senate of the appointee of the President. I have no doubt the President will appoint a suitable arbiter, and yet the position is a very important one. Upon that official will devolve the responsibility of passing upon claims or controversies involving millions and millions of dollars, and it occurred to me that the appointee of the President should be confirmed by the Senate. The change is to make the appointment of the arbiter subject to the approval of the Senate. I think there can be no objection to the amendment.

Mr. ROBINSON of Arkansas. I see no reason why the amendment should not be agreed to.

The PRESIDING OFFICER (Mr. WATERMAN in the chair). The question is on agreeing to the amendment offered by the junior Senator from Utah.

The amendment to the amendment was agreed to.

Mr. KING. I submit the following amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 52, strike out lines 7 to 22, inclusive, and insert:

(1) There shall be a war claims counsel (hereinafter referred to as the "counsel"), who shall represent the United States in all pro-

ceedings before the arbiter. Such counsel shall be appointed by the President, by and with the advice and consent of the Senate, at a salary to be fixed by the President not in excess of \$10,000 a year. The head of any executive department, independent establishment, or agency in the executive branch of the Government, including the Alien Property Custodian and the Comptroller General, shall, upon request of the arbiter or of the counsel, furnish such records, documents, papers, correspondence, and information in the possession of such department, independent establishment, or agency as may assist the arbiter or the counsel, furnish them statements and assistance of the same character as is described in section 188 of the Revised Statutes, and may temporarily detail any officers or employees of such department, independent establishment, or agency to assist the arbiter or the counsel, or to act as a referee, in carrying out the provisions of this section. The Attorney General shall assign such officers and employees of the Department of Justice as may be necessary to assist the counsel in representing the United States in the proceedings under this section.

On page 53, line 3, strike out the words "salary of the arbiter" and insert the words "salaries of the arbiter and of the war claims counsel"; on page 53, line 12, after the word "arbiter," insert a comma and the words "the counsel," and a comma, and on page 53, line 23, after the second comma, insert the words "of the counsel" and a comma.

The amendments to the amendment were agreed to.

Mr. KING. Mr. President, I send to the desk another amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 79, lines 24 and 25, strike out the words "noninterest-bearing participating certificates" and insert in lieu thereof "participating certificates bearing simple interest at the rate of 5 per cent per annum."

Mr. KING. Mr. President, the amendment is one of considerable importance. However, the apparent lack of interest upon the part of Senators manifested in this important bill indicates that no amendment which will be offered will command much attention.

Briefly explaining the amendment and its relation to the bill before us, let me say that there has been accumulated in the Treasury of the United States, interest derived from the funds which were sequestered and are in the hands of the Alien Property Custodian, a sum of approximately \$25,000,000. Much of the property which has been sequestered has been converted into Government bonds, upon which of course interest is paid. This accumulated interest aggregates the amount which I have just indicated. Under the provisions of the House bill, the entire amount goes into a fund out of which payments are to be made to American claimants. It is to constitute a part of the funds. The bill as passed by the House—and that view has been taken by the Senate Committee on Finance—does not permit interest upon this interest which is to be paid ultimately to the German nationals when it shall be returned to them at the end of perhaps 20 or 25 years. There is an element of confiscation in the bill, if no provision is made for the payment of interest, even though it be interest upon interest, at the expiration of the period to which I have referred.

It is argued that there was no obligation upon the part of the Government to take the funds which were sequestered and invest them so that there would be an accumulation of profits or interest; but it seems to me there was a moral obligation, if not a legal one, upon the United States to care for the funds sequestered by it, and to conserve them and handle them as a reasonably prudent man and as a trustee would handle funds coming into his possession.

I make no comment upon the conduct of the Alien Property Custodian in caring for the funds. Suffice it to say that there has been accumulated the \$25,000,000 to which I have adverted. In order to raise a sufficient fund by which the plan or the set-up, as it has been characterized, shall be carried into effect, it becomes necessary to resort to the \$25,000,000 of interest and place it in a fund which, with other contributions to the fund, will enable the United States to pay to American nationals a certain percentage of the awards made.

The Finance Committee felt that the Government ought not to pay interest upon the interest. They have placed the \$25,000,000, which has been secured or which has resulted from interest, in the tenth category, as I recall; that is to say, priorities are allowed in payments, and this \$25,000,000 is to be paid to those from whose property it was derived, after nine priorities have been liquidated. At the end of that time or at the expiration of the period of the liquidation of the priorities antecedent to this, perhaps 25 years will have elapsed, so that at the end of that period those persons who have an interest in the \$25,000,000 fund will receive their pro rata share. In the meantime they obtain certificates indicating their interest in the fund, but the certificates bear no interest. They are

nonnegotiable. As a matter of fact, they will have but little value.

I have believed that if the owners of this interest fund are to wait for 25 years before receiving it they should receive interest upon the fund, though it be called interest upon interest. My amendment will accomplish that purpose. Of course, the accumulated interest, through it is simple interest and not compound, would make the amount to be paid considerably more than the \$25,000,000.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

Mr. KING. Certainly.

Mr. ROBINSON of Arkansas. What effect, if any, has the Senator's amendment on the general scheme of the bill for the payment of the various sums contemplated?

Mr. KING. As I interpret the amendment it would have no appreciable effect upon the "set-up," as it is called, in the bill. It would, however, have some effect upon the time when the Government of the United States would receive payment from Germany. Mr. President, the measure before us has many imperfections. It is not satisfactory to me and does not command my entire assent. It is essentially a compromise measure; sacrifices were made both by the Government of the United States and American nationals, as well as by German nationals in order to reach an agreement. While the measure before us is a legislative declaration, it is not inaccurate to say that it is a ratification of understandings and agreements entered into between German nationals who have property in the hands of the Alien Property Custodian, and the United States, and American citizens who have claims against Germany and German nationals. The measure can not be defended upon academic grounds or upon strict principles of municipal or international law. However, after years of negotiation and consideration, the bill before us substantially represents the views and desires of those primarily interested in the matters covered by the pending measure.

After the United States entered the war an act was passed calling for the sequestration of all property found in the United States belonging to the German Government and German nationals. Property of the value of approximately \$700,000,000 was seized by the American Alien Property Custodian. Much of it has been returned, but there still remains under the control of the Alien Property Custodian property of the value of several hundred million dollars. This is held not only under the trading with the enemy act and supplementary legislation enacted by Congress, but under the terms of the Versailles treaty and the Knox-Porter resolution, which was incorporated into the Berlin treaty, as well as the latter treaty itself.

As Senators will recall, under the treaties just mentioned, the United States was authorized to retain possession of the property owned by German nationals and in the hands of the Alien Property Custodian until Germany made suitable provisions for the satisfaction of all claims against the German Government by all persons owing permanent allegiance to the United States, who suffered, through the acts of Germany or its agents since July 1, 1914, loss, damage, or injury to their person or property, directly or indirectly, or in consequence of hostilities or any operations of war or otherwise.

It has been contended that when the trading with the enemy act was passed, authorizing the sequestration of enemy property, it was intended that the United States should hold the same as a trustee until the war was over, and then return the property to its owners. Certainly there was no intention of confiscating German property. The United States has always opposed the confiscation of property, even though owned by alien enemies. May I say that I am not entirely satisfied with the bill before us, but, as I have indicated, it is a compromise measure and being agreed to by the German Government and the German nationals, as well as by the American nationals who have claims against the German Government and German nationals, I have not felt disposed to interpose obstacles to its passage.

Immediately after the Versailles treaty, notwithstanding the provisions therein found which authorized the retention of the property in question, until satisfactory arrangements were made to liquidate the claims of American nationals, I offered bills in the Senate for the return of this property to the German owners. I took the position that it would be for the best interests of the American people to immediately restore to the German owners their sequestered property.

We were a creditor Nation, and it was apparent that the people of the United States would soon have investments in foreign countries totaling billions of dollars. I believed that it was a proper time to reaffirm the doctrine of the sanctity of private property, even though enemy owned, and I believed



that the United States should adhere to its traditional policy and not confiscate property of persons who but a short time before had been enemies. Moreover, I felt that a liberal interpretation of the treaty existing between the United States and Germany at the outbreak of the war was favorable to a policy of restoration. It was my view that our Government should demand of Germany payment of all just claims of American citizens, as well as all just claims of the Government of the United States, and require Germany to make satisfaction. One of the bills which I offered provided for the appointment of a commission to pass upon the claims of American nationals and the United States.

This course was pursued under the treaty of Paris following the Spanish-American War, and the commission made awards to American citizens. My views were not accepted by the Senate, and we have held the property since its seizure in 1917 and 1918.

American citizens had claims against Germany amounting in the aggregate to a very large sum. The years passed and they were not paid. The property of German nationals was locked up in the keeping of the Alien Property Custodian.

Apparently an impasse had been reached and it was imperatively required that something be done to unlock the door so that German nationals might receive at least a portion of their property and that American nationals and the United States might receive compensation. This bill seeks to accomplish that result.

Those who believe, as I believe, that the United States should avoid confiscation and who favored the return of the German property are confronted with a situation that perhaps warrants them and myself in yielding assent to the pending measure.

All nations have at times exercised the right of eminent domain and have expropriated the property of their nationals. The Federal Government can take the property of its nationals for public use but, of course, compensation must be made. Nations in time of war seize the property of their nationals, as well as the property of foreigners within their jurisdiction, expecting, of course, if they are civilized, to compensate the owners for the same. Germany had the right to expropriate the property of her nationals pursuant to the provisions of her constitution. Expropriation may be made by legislation or by treaty but usually by judicial process pursuant to law.

The Versailles treaty provided for the expropriation by Germany of the property of its nationals which had been seized by the Allied and Associated Powers. The property in the hands of the American Alien Property Custodian, by the terms of the Versailles treaty, became subject to another foreign authority, namely, the German Government. That is to say, the German Government, in effect, declared that it seized the property or the use of the property which was in the hands of the Alien Property Custodian and authorized the United States to hold the same until Germany made suitable provisions to pay the claims of the United States and its nationals. The Berlin treaty was the assertion of the sovereign power of Germany, and the latter can by that treaty expropriate the use, if not the corpus, of the property owned by German nationals and in the possession of the Alien Property Custodian.

Mr. HOWELL. But there was set aside 2½ per cent, and we accepted it. Is it not a fact that the Government accepted it and is now a party to that agreement?

Mr. KING. Mr. President, the Senator's question can not be answered in a few words, and in attempting to do so I shall detain the Senate much longer than I intended when I arose. I expected to say a few words only in respect to the amendment which I offered. However, I shall submit a few observations in reply to the Senator's question.

Under the treaty of Versailles the United States was associated with the allied governments, and that treaty provided in a comprehensive way for determining reparations which were to be paid by Germany. A reparations commission was to be set up and machinery was provided for the purpose of ascertaining what Germany should pay to the allied and associated powers and their nationals. We refused to ratify the treaty, and when the Republican Party came into power, following the war, its leaders denounced the treaty and refused to accept its provisions or to participate in the organizations the commissions and agencies set up to carry out the provisions of the treaty. A bitter fight was waged in our country against the League of Nations, and the treaty was repudiated so far as it affected the United States. Our Government took no steps to protect American nationals or the United States or to secure reparations to which they and it were entitled. When conferences were being held by representatives of the allied nations to determine what Germany should pay to the various governments and their nationals, the representatives of our Government

refused to participate or to take any steps to protect the rights of American citizens.

I submit that the executive department of our Government failed in its duty to the United States and to American citizens who had suffered at the hands of Germany. It is incomprehensible to me that our Government should have neglected its own citizens and failed in its duty to them and to itself, because those temporarily in power were bitter against the League of Nations.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. KING. Certainly.

Mr. ROBINSON of Arkansas. Has the Senator inquired into the subject, and does he know why, when the Mixed Claims Commission was created, no arrangement was made or apparently attempted for the payment of claims when adjudicated by the commission?

Mr. HOWELL. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. HOWELL. But it is a fact that it was recognized that under the treaty of Versailles—

Mr. KING. Does the Senator want to ask a question or make a statement?

Mr. HOWELL. I wanted to answer the distinguished Senator from Utah.

Mr. KING. Very well, I yield.

Mr. HOWELL. It is a fact that under the treaty of Versailles Germany was required to pay more than she could pay. Thereafter we could not expect to get anything for American claimants who received awards through the action of the Mixed Claims Commission unless we became a party to the agreement of Paris. By becoming a party to that agreement, we received two and a quarter per cent for our American nationals who had received awards. The question is, did we not regard that as adequate at that time? If not, what action did we take, what protests were made? If it were an adequate amount, can we now urge that we are not carrying out the provisions of the Berlin treaty and go back of our acceptance of the two and a quarter per cent?

Mr. KING. Mr. President, it was not my purpose to discuss the conduct of our Government or the State Department in connection with the amendment which I offered, but the questions which have been propounded and the statements made by my friend from Nebraska call for some observations upon my part. First, let me briefly reply to my friend from Arkansas. In my opinion the treaty of Berlin did not sufficiently protect the United States or its nationals. It did not properly and effectually deal with the claims of the United States and American nationals against Germany and her nationals or make adequate provision for the payment of the claims of our Government and American citizens against Germany and her nationals. The treaty seemed to content itself with the adoption of certain provisions of the Versailles treaty which had been denounced by the administration which negotiated the Berlin treaty, and which the administration referred to had not attempted to avail itself of or to obtain any of the benefits secured in the Versailles treaty for American nationals or the United States.

The administration had a clear field to negotiate a treaty which would have in a comprehensive way dealt with the claims of American citizens against Germany and her nationals; but as I have stated, the Berlin treaty in dealing with the questions of reparations to American citizens merely adopted the Knox-Porter resolution and a few provisions of the Versailles treaty. Then, when an agreement was entered into by the United States and Germany under which the Mixed Claims Commission was set up, no further provisions were made for the payment of any awards that might be made to the United States or her citizens. The Mixed Claims Commission were merely to hear the claims of American citizens and the Government of the United States and then make awards. How and when they were to be paid was not stated; nor in the Berlin treaty was there any provision for the payment of claims of American nationals or the United States.

One would have supposed that either in the Berlin treaty or in some subsequent treaty or agreement provisions would have been made for the settlement of the claims of American citizens. It is passing strange that the executive department of our Government, knowing that the allied nations had set up a commission as provided by the Versailles treaty for the purpose of determining what reparations should be paid by Germany, should have refused to take cognizance of the work of the Commission on Reparations or to appear before the commission for the purpose of protecting the rights of the United

States and American nationals. It was common knowledge that the Allies were anxious to have the United States take part in the various commissions and organizations brought into existence for the purpose of carrying out the treaty of Versailles for fixing reparations of Germany and making proper allocation to allied and associated powers of all amounts paid by Germany by way of reparations.

When representatives of our Government refused to take part in these conferences and commissions then the obligation rested upon it to take all proper steps to protect American rights and to secure reparations to American citizens for wrongs done them by Germany. But it was singularly silent and let the years go by without making adequate efforts to have the claims of American nationals against Germany and her nationals provided for.

I am sanguine that there has been no disposition upon the part of the American people to confiscate the property in the hands of the Alien Property Custodian for the purpose of paying to American citizens and the United States their claims against Germany and her nationals. Our Government must have known that if the allied nations fixed reparations and obtained reparations, they would not be inclined to surrender any portion thereof to the United States after it had repudiated the Versailles treaty and refused to associate itself with the Allies in working out a plan to obtain satisfaction of their claims for damages and reparations growing out of the war.

I repeat when I say that our Government was not justified because of the hatred of some Americans of the League of Nations and the Versailles treaty in refusing to join with our former allies in securing protection for American citizens and a just share of any reparations exacted from Germany.

I have no doubt that if the United States had associated itself with the allied nations the Reparation Commission would have made satisfactory provisions for the settlement of American claims against Germany and her nationals. The United States, for the purpose mentioned, would have been one of the beneficiaries named in the reparation awards and would have received a just proportion of all reparations paid by Germany.

It must have been apparent to the dullest American statesman and officials in authority that when the United States refused to join with Great Britain, Italy, France, and Belgium in making a treaty with Germany and in carrying out the treaty and when it turned its back upon the Allies, with whom it had fought during the war, and said in effect that it would have no association with them in their dealing with Germany and in settling postwar problems, that they would feel constrained to proceed without our cooperation and make and enter into the best terms possible with Germany for their own protection and the protection of their nationals. The allied nations fixed reparations at 132,000,000,000 gold marks. We, the United States, took no part in the proceedings and made no claim to any share of this amount. When it became apparent that Germany was unable to meet this sum the Dawes Commission was set up, not by the United States but by the allied nations, and that commission fixed reparations to be paid by Germany at slightly over \$600,000,000 per annum.

The Dawes Commission did not attempt to fix the entire amount to be paid by Germany, but only the annual payments until further arrangements were made. The allied nations assumed (and who shall say they were not entitled to assume?) that the United States having repudiated the Versailles treaty and having refused to associate itself with the allied nations in carrying out the terms of the treaty in fixing reparations that they were entitled to be paid the entire amount fixed by the Dawes Commission.

After Germany began making payments to the allied nations, and their nationals were receiving partial payments upon their claims against Germany, American citizens who had sustained losses and damages at the hands of Germany during the war, demanded that the United States take steps to secure compensation from Germany. The representatives of men and women who had met their death upon the seas by reason of German submarine activities, and American nationals who had valid claims against Germany and her nationals, again and again insisted that Congress or the executive department of our Government, take immediate steps to obtain reparations from Germany and her nationals. Then our Government manifested some activity. It still refused to associate itself with former allies, but in an indirect manner and as some have said through a "keyhole process," began to investigate as to what should or could be done to protect the United States and its nationals. May I say in passing that our Government maintained such an attitude of aloofness toward the allied nations that it did not receive payments made by Germany to the allied nations to meet the costs of the armies of occupation. Senators will re-

call that under the Versailles treaty Germany was to pay the allied and associated powers all costs incurred in maintaining troops in Germany.

The United States was entitled to more than \$225,000,000 incurred in maintaining its army of occupation, but we were so afraid of our former allies, and we were so determined not to have any contacts with them, that we sat by silently while Germany paid the allied nations' costs of the various armies of occupation, including the sum which I have just mentioned and to which the United States was entitled. Finally we began to be awakened from our slumber, and had Mr. Elliot Wadsworth confer with representatives of the allied nations with a view to obtaining this amount which had been paid to cover our costs in maintaining military forces in Germany. An agreement was entered into which, in my opinion, did not meet the situation or fully protect the United States; but it was soon after superseded by an agreement entered into at Paris, by the terms of which the United States was to receive approximately \$12,000,000 a year out of future reparations to be paid by Germany, until the sum due the United States, then amounting to \$255,000,000, was paid. As a result of the failure of our Government to properly present and properly push its rightful claims, we were deprived of the amount due as costs of the army of occupation, and will only be paid out of future reparations, the payments being extended over a considerable period of years. The Paris agreement has some humiliating aspects so far as the United States is concerned.

As I have stated, we refused to associate ourselves with the allied nations in fixing reparations and made no claims to the reparations fixed when the commission determined the same. But later, when the American claimants against Germany were aroused to the fact that their rights were not being protected and demands were made upon our Government that something should be done for their protection, our Government instructed our ambassador in London to take up the matter with representatives of the allied nations with a view to obtaining some portion of the payments made by Germany under the Dawes plan.

I call the Senate's attention to the Berlin treaty, which was signed at Berlin August 25, 1921, under the terms of which the United States—

is privileged to participate in the Reparations Commission according to the terms of part 8 of that treaty and in any other commission established under the treaty or under any agreement supplemental thereto; but the United States is not bound to participate in any such commission unless it should elect to do so.

Having made this reservation to participate in the Reparations Commission, we refused to avail ourselves of that privilege and threw away the opportunity to protect the rights of the United States and of American citizens. As the demands made by American citizens that their claims against Germany be paid became more importunate, our Government felt compelled to take some steps to bring about that result.

An examination of the Dawes plan seemed to indicate that Germany could not pay reparations in excess of those fixed by the Dawes Commission, and that there were prohibitions against Germany diverting her resources or revenues to the payment of other claims in advance of a full settlement of the claims of the Allies as fixed by the Reparations Commission. Thereupon our Government, it appears, concluded that the claims of Americans could only be paid out of the property of German nationals in the possession of the Alien Property Custodian or out of the reparations fixed by the Dawes Commission. The American people were opposed to confiscation, and thereupon our Government concluded, as I think the facts prove, that the only other source from which payments could be obtained was the Dawes reparation fund. But to obtain a part of that was a question presenting no little difficulty. Appeals were made by our ambassador at London to representatives of the allied nations for a share of the Dawes reparation fund.

The correspondence between our ambassador and Mr. Austen Chamberlain is quite illuminating upon this point. In a communication dated December 4, 1924, addressed to Ambassador Kellogg by Mr. Chamberlain, the latter states that—

At no time, so far as His Majesty's Government are aware, did the American Government during the discussions that then took place, either within the commission or outside it, make any intimation that they wished to put forward a claim for inclusion in the total to be demanded from Germany.

He states that there was no record of any attempt having been made at the various conferences on the part of the American representatives to claim a percentage in the allotment then being laid down amongst themselves by the Allies for the distribution of the German reparation payments when received.



He further states:

Nor did this create any surprise among the allied governments since it had become generally understood that the United States Government made a special point of not demanding reparation from the powers defeated in the war. In that belief His Majesty's Government were strongly confirmed when, in a speech at New Haven on December 29, 1922, of which the American Secretary of State caused the text most courteously, though informally, to be communicated to His Majesty's ambassador at Washington, the American Secretary of State used the following words: "The crux on the European situation lies in the settlement of reparations. There will be no adjustment of other needs, however pressing, until a definite and accepted basis for the discharge of reparation claims has been fixed. It is futile to attempt to erect any economic structure in Europe until the foundation is laid. How can the United States help in this matter?"

We are not seeking reparations. We are, indeed, asking for the reimbursement of the costs of our army of occupation, and with good reason, for we have maintained our Army in Europe at the request of the Allies and of Germany, and consider an agreement that its costs with like Army costs should be a first charge upon the amounts paid by Germany. Others have been paid and we have not been paid. But we are not seeking general reparations. We are bearing our own burden, and, through our loans, a large part of Europe's burden in addition. No demands of ours stand in the way of a proper settlement of the reparation question. It was in these circumstances, as I had the honor verbally to explain to your excellency, that not having hitherto doubted that these words still correctly describe the policy of the American Government, the intimation that they now claimed a share in the Dawes annuities in respect of reparations, and apart from the cost of the army of occupation, came upon His Majesty's Government as a complete surprise.

In a subsequent communication written by Mr. Chamberlain to Ambassador Kellogg, the former states that—

If, therefore, the United States Government is to be admitted to a share in the Dawes annuities, it will doubtless accept the view that such of its claims as may fall within Annex II to Part VIII of the treaty of Versailles should, in equity, be fixed by the Reparation Commission in accordance with the rules on which all other reparation claims have been assessed. His Majesty's Government does not suppose that the United States Government wishes to claim the benefit of the treaty of Versailles without its obligations, or to deprive the allied powers of a guaranty that the American reparation claims against Germany possess the same measure of validity and have been adjusted on the same principles as the allied claims already admitted or to be admitted.

May I say that the letters written by Ambassador Kellogg are very able and present in as strong a light as possible the arguments in favor of the United States participating in the Dawes reparation payments. He is entitled to credit for the efforts put forth in behalf of the United States and her citizens. As a result of these negotiations the representatives of the allied nations finally consented to permit the United States to be paid approximately \$12,000,000 annually to be applied in settlement of the claim of the United States for the cost of the army of occupation and 2½ per cent of about \$11,000,000 annually to be applied in liquidation of the claims of the United States and its nationals against Germany and its nationals.

This latter amount was not intended by the State Department, and I am sure it was not intended by the Allies when they conceded that it should be paid to the United States from the Dawes annuities to be a release of Germany from its obligations to the United States and its nationals under the Berlin treaty. Germany was not a party to the arrangement under which the 2½ per cent of the Dawes annuities were to be paid to the United States. In a sense it was a concession by the allied nations to the United States and it was not intended to relieve Germany of its responsibilities to the United States under the Berlin treaty.

Mr. HOWELL. But, Mr. President—

Mr. KING. I yield.

Mr. HOWELL. Is it not a fact that the Secretary of the Treasury has stated that 2½ per cent is our fair share of the Dawes annuities?

Mr. KING. I do not recall, although I have read the correspondence.

Mr. HOWELL. I am referring to the Secretary of the Treasury.

Mr. KING. If the Secretary of the Treasury has made that statement, I confess that I have less confidence in his judgment than I have heretofore had.

Mr. HOWELL. I will state that the Acting Secretary of the Treasury, Mr. Winston, as I recall, before the House Committee on Ways and Means made the statement that 2½ per cent was our fair share of all that Germany could pay.

Mr. KING. Mr. President, I do not desire to criticize Mr. Winston, but the Senator will recall that Mr. Winston became an active protagonist of the plan by which we were to issue Government bonds in order to pay the claims of American nationals against Germany and her nationals. Apparently he was willing to absolve Germany from the payment of any obligation, except for an indefinite period, and to have the Treasury of the United States pay the American claims. I regarded the plan as unjust and entirely unacceptable. It contemplated taxing the American people—that was the effect of the proposition—to pay Germany for sinking the Lusitania and killing Americans. It did not commend itself to my judgment. And the opposition to the plan, which was included in the Mills bill, was so great that it was hastily abandoned when its injustices were exposed.

Mr. HOWELL. Is it not a fact that this bill means placing a burden upon the United States Treasury?

Mr. KING. Yes. It will postpone for many years the payment of the award in favor of the United States against Germany. And, of course, it calls for a direct appropriation of \$50,000,000; but this is to pay for the German ships taken by the United States.

Mr. HOWELL. Is it not a fact that the 2½ per cent, if applied in an orderly way to the payment of American awards, would require 80 years, according to Acting Secretary Winston in his statement before the committee?

Mr. KING. And that would be a denial of payment to American claimants, because they will not live 80 years more.

Mr. REED of Pennsylvania. Mr. President, if the interest on the American claims be figured at 5 per cent, as is done in this bill, they would never be paid.

Mr. KING. I am of opinion that the amount of interest would absorb the 2½ per cent.

Mr. REED of Pennsylvania. Absolutely.

Mr. HOWELL. Mr. President, I wish to call the Senator's attention to the fact that, although it will pay out in 80 years—

Mr. KING. With 5 per cent interest?

Mr. HOWELL. Yes; with 5 per cent interest, according to Mr. Winston when Acting Secretary of the Treasury.

Mr. SMOOT. It will pay out in 80 years with the 5 per cent interest.

Mr. HOWELL. There is no question about that.

Mr. REED of Pennsylvania. Not when the subsequent awards are considered.

Mr. HOWELL. Mr. President, allow me to read what Acting Secretary Winston stated.

Mr. KING. Does the Senator have in mind the fact that since Mr. Winston made that statement awards have been made and still other awards will be made, perhaps aggregating from fifteen to twenty million dollars?

Mr. HOWELL. Mr. Winston stated that the total of the awards with interest would be about \$250,000,000. The amount is now, I think, in the neighborhood of \$256,000,000; so that Secretary Winston was not far out of the way so far as his primary premises were concerned. He stated:

It is admitted that all the awards of the Mixed Claims Commission, which Germany is obliged to pay, will aggregate \$190,000,000 of principal and \$60,000,000 of accrued interest to January 1, 1926, or a total of \$250,000,000. The awards bear 5 per cent interest. If no interest is to be paid upon accumulated interest—

That is interest upon interest that has accumulated—  
an annuity of \$11,000,000—

The annuity is really \$10,700,000 as a maximum—

would pay current interest and pay the \$60,000,000 accumulated interest in 40 years, and thereafter in 40 years more would amortize the principal of the awards; a total of 80 years.

Mr. President, under this bill by some necromancy these awards are apparently to be paid in 39 years.

Mr. KING. Does the Senator mean the awards of American nationals?

Mr. HOWELL. Every award. Unless there is some magic at the disposition of those who have handled this bill it must be recognized as a fact that, if 39 years is to be the period, somebody is going to contribute toward the payment of these awards and, of course, that somebody is the United States Treasury.

Mr. KING. And the German nationals.

Mr. HOWELL. And the German nationals who are now entitled to their money.

Mr. KING. The German nationals who contribute, as I have indicated, \$25,000,000 accumulated interest and the reservation of 20 per cent which goes into the fund out of which the payments are to be made.

Mr. HOWELL. Mr. President, the fund to which the Senator has referred, \$25,000,000, will not be paid until after 24 years, and by the end of 26½ years. The present worth of that \$25,000,000 indicates a confiscation of about \$17,600,000. The Senator's amendment, as proposed, largely avoids that confiscation; and I believe it ought to be adopted, because I insist we ought not to confiscate one dollar of this alien property fund.

Mr. SMOOT. Mr. President, I will say to the Senator that we have no intention of confiscating anything, nor does the bill do it.

Is my colleague through?

Mr. KING. No; I am not through, but I will yield.

Mr. SMOOT. When he is through I want to make a statement covering the whole question. It will not be very long.

Mr. KING. Mr. President, I do not agree with my friend from Nebraska in one of his statements, that the 2¼ per cent was intended—that is the way I interpreted his remarks—to absolve Germany from any further payments. I know that that was the view taken by Ambassador von Maltzen in the letter which he wrote to the Secretary of State; but Secretary Kellogg in a powerful statement successfully met the arguments of the ambassador, and demonstrated that it was not intended to release, nor did it accomplish the result of discharging, Germany from the obligation of paying the United States and its nationals the awards made in their behalf by the Mixed Claims Commission.

I repeat, Germany had agreed in the Berlin treaty that we should hold the property in the hands of the Alien Property Custodian until satisfactory arrangements had been made by Germany to pay the claims of American nationals. Germany made no satisfactory arrangements to pay American nationals. She has made no satisfactory arrangements up until the present moment.

The allied nations secured reparations; and the Dawes plan provided, as I stated, for the payment of \$600,000,000 plus annually. We were getting no part of that. We had not interposed. General Dawes was not sent there by the United States, nor did he represent the United States, nor were we represented upon the Reparation Commission as a Government.

While Germany was concerned in the provisions incorporated in the Dawes plan, she could not properly or fairly claim that by its terms she was absolved from meeting her obligations to the United States and its citizens. And any arrangements made by Secretary Kellogg and representatives of the Allied Governments—by which a small portion of the Dawes annuities were to be paid to the United States—did not and could not extinguish her liabilities to the United States and American nationals. Therefore it can be argued that the United States is under no legal obligation to return the property held by the custodian, until suitable arrangements are made to settle American claims against Germany and her nationals.

I confess, however, that this bill does not entirely meet my views. I should have preferred, as I have indicated, to have returned the property in the hands of the Alien Property Custodian to the German nationals in 1919 and 1920, when I first offered my bill, and required Germany to compensate American nationals for the wrongs which had been done them. I was unwilling to have any sort of taint of confiscation attach to the United States. But the Ebert constitution, as well as the old constitution of Germany under the monarchy, gave the right to the German Government, either the monarchy or the republic, to exercise the right of eminent domain against the property of her nationals, whether the property was in Germany or in any part of the world.

The negotiation of a treaty may constitute the exercise of that power; and the Berlin treaty and the Versailles treaty were the exercise of the power of eminent domain by Germany against the property of her nationals in the hands of the Alien Property Custodian. Germany in effect directed the United States to retain the property of her nationals until she made suitable arrangements to pay the claims of American nationals.

If we had turned back or if we should turn back now the property that is in the hands of the Alien Property Custodian without the consent of the German Government, Germany could then wash her hands of any obligation, and say, "You were a bailee. We put into your hands \$300,000,000 of property or more, and told you to hold it until we made arrangements to satisfy the claims of your nationals. You have dissipated the fund and returned it, it is true, to our nationals, but you did it without our consent, and therefore we refuse to pay the claims of American nationals."

Mr. SMOOT. Mr. President, I want to say to my colleague that the representatives of 97 per cent of the German claimants agreed to this bill.

Mr. KING. Yes; I intended mentioning that in a moment.

Mr. SMOOT. He claims, and I think justly claims, that he has the authority to speak for them; and this is an agreement with 97 per cent of the German claimants.

Mr. FLETCHER. Mr. President, what I am chiefly interested in is, What about the American claimants?

Mr. SMOOT. They have all agreed to the same thing. This bill satisfies them; and the representatives of over 85 per cent of the German claimants have agreed that this bill is the proper and best way to settle this matter.

Mr. KING. Mr. President, I yield academic principles to a concrete understanding reached between the German nationals and the American claimants who have claims for damages against Germany.

They have agreed, as my colleague has said, upon the terms of this bill. I confess that I have been surprised at the unanimity with which the German nationals whose property we hold, and the American claimants who have claims against Germany, have acted in the consideration of this bill.

Mr. NORRIS and Mr. HOWELL addressed the Chair.

Mr. KING. I yield first to the senior Senator from Nebraska.

Mr. NORRIS. There are two questions I want to ask the Senator; and I will say to the Senator that I am asking for information. I want to be enlightened on this matter.

The first question is, When the Senator says that the German Government had notified our Government that we should not return property of the German nationals which we had taken during the war—did the Senator say that?

Mr. KING. No; the Senator misunderstood me.

Mr. NORRIS. I was wondering about that statement.

Mr. KING. I said that if we had returned the property in the hands of the Alien Property Custodian without the consent of the German Government when she directed us, in the Berlin treaty, to hold it until suitable arrangements were made to compensate our nationals, she could have said, "You were an unfaithful bailee. You have dissipated the funds which we left with you, and therefore there is no further obligation resting upon us."

Mr. NORRIS. But that provision was put in the Berlin treaty for the benefit not of Germany but of America.

Mr. KING. It was for the benefit of both.

Mr. NORRIS. I have agreed with the Senator all the time that I did not think it was right for us to take the property of German nationals, when they were themselves innocent of any wrong, just because it happened to be in our jurisdiction, and then use the property for the payment of anybody's debts, government or private; but I could not understand why it would require the consent of the German Government, or why it would make any difference what the German Government thought about it, if we returned to a German national the property we took away from him.

Mr. KING. May I give the Senator an illustration? Prior to the war with Spain there were Americans residing in Cuba, and others who had property there. Some had valid claims, which were recognized, against Spain for damages and for property taken by Spain in the prosecution of the war against the revolutionists. In the treaty of Paris a provision was inserted, under which the United States laid its hands upon the property—part of which were choses in action—of American nationals who had lived in Cuba or had property there, and told Spain that the United States would settle with its own nationals for the claims which they had against Spain. This was done, and the United States got credit for millions of dollars, which under the treaty it was obligated to pay to Spain.

The Senator knows that we "paid for the Filipinos at \$2 a head" by seizing American property and applying it in the extinguishment of the obligations of Spain to American nationals, which obligations she recognized. The United States then set up a tribunal, and American nationals came before it and proved their claims, which were finally paid out of the Treasury of the United States. In other words, the United States exercised its sovereign right to expropriate the property of its nationals, and applied the same in payment of its obligations to Spain.

Germany did the same thing. It is true Germany was forced to do it, perhaps, as one of the results of the war; but Germany, as the result of the war, became indebted to the United States, as she was indebted to American nationals; and she was quite satisfied, I have no doubt, when the Berlin treaty was entered into, to agree that the property in the hands of the Alien Property Custodian, of which she had expropriated at least the usufruct if not the corpus, should be held until she made satisfactory arrangements to pay American nationals. So we could not repudiate the act of a sovereign state in expropriating the property, the corpus or the usufruct of



property, of her own nationals. We had to take it as a fait accompli, and we took the property in the hands of the Alien Property Custodian impressed with the sovereign power of Germany when she took the property and told us to hold it until she satisfied American nationals and the United States.

We have held that property for a number of years. The German nationals have been appealing to Germany to do something to pay the claims of American nationals so that the property could be released. American nationals have been appealing to our Government to do something to require Germany to pay in order that they might be compensated before they die for the claims for damages which they had against Germany; and, as a result of many negotiations between representatives of the American claimants and the German nationals, an agreement has been reached with practical unanimity, an agreement which does not meet my views, an agreement which I think does not recognize well-founded principles of international law which I should like to see obtain, but an agreement which meets the wishes of the German nationals and the American claimants, provides for the final payment of the claims which we have against Germany, in part at least, satisfies all parties, and gets rid of a vexed and complicated question which has been here before us since the war, and which, if we do not pass this bill or some suitable measure, may be here for an indefinite time. Of course, the plan agreed upon assumes that Germany will meet the Dawes annuities or make adequate arrangements to satisfy the awards made in favor of the United States and its nationals.

Mr. NORRIS. Mr. President, the Senator stated that there was unanimity among German claimants and American claimants.

Mr. KING. Substantial unanimity.

Mr. NORRIS. We have on our desks here a brief prepared by ex-Congressman Lafferty, and in glancing through it I see a great many objections coming from claimants he represents.

Mr. KING. May I say something to my friend?

Mr. NORRIS. Certainly.

Mr. KING. Mr. Lafferty has been faithful to his clients, as he understood his duty, for which he is to be commended. He appeared before the committee and made a statement in regard to his position on a number of controversial matters, and since the committee reported the bill he has prepared a brief, a copy of which I think the Senator has.

The amendment which is now under consideration is to cover one of the points made in his brief. I have not read it, but I am told it covers this point, and I hope the Senate will pardon me for repeating, because the Senator from Nebraska was not in the Chamber when I spoke before.

Mr. Lafferty claims that it is confiscation to take the \$25,000,000 of interest arising from the funds of German nationals in the hands of the Alien Property Custodian, and return it at the end of 25 years without interest. As I understand him, he makes no particular objection to the diversion of this fund from distribution now.

Mr. NORRIS. Why is the payment of this money deferred for 25 years? Is that necessary?

Mr. KING. That is necessary under this settlement.

Mr. NORRIS. How are we going to get the money to pay it in 25 years?

Mr. KING. It will be paid out of the 2½ per cent of reparations which, under the Dawes plan, is to be paid to the allied nations.

Mr. HOWELL. Suppose Germany stops paying?

Mr. KING. I was about to say, if Germany does not pay, then the United States will lose the sixty-odd million which is to come to it, because the United States is placed at the end of these so-called priorities, and this \$25,000,000 may not be paid, probably will not be paid—

Mr. HOWELL. But is it not a fact that some \$52,000,000 will be paid to insurance companies as profit in the meantime?

Mr. SMOOT. Not as profit.

Mr. HOWELL. As profit.

Mr. KING. Something will be paid.

Mr. SMOOT. We will discuss that when we get to it.

Mr. HOWELL. Mr. President—

Mr. KING. Mr. President, there is no doubt, may I say to my friend from Nebraska, that there is an element of, shall we say, injustice in taking \$25,000,000 interest, which has accumulated upon the funds of the German nationals in the hands of the Alien Property Custodian, and applying it to the settlement which is here made?

First let me say—and I am repeating—that the United States acted as a faithful bailee; it put these funds out at interest.

It was felt by the German nationals themselves that, in order to have an immediate settlement, instead of waiting 5, 10, 15, or

20 years, they would rather make some sacrifices, including the retention of 20 per cent which goes into the fund, and get the matter disposed of. They will receive certificates calling for the payment of the entire amount, with interest, all certificates to bear interest except those issued for the \$25,000,000 of interest.

There is, though, with respect to the \$25,000,000, an apparent, and as I believe, a real discrimination, and I have offered the amendment to meet that situation.

Mr. HOWELL. Mr. President—

Mr. KING. Let me complete the Lafferty matter first, and then I will be glad to yield.

Mr. Lafferty made another contention, which I think possessed merit and the committee responded to his contention.

It was represented to the committee that German nationals left money with German banks for the purchase of American securities. Those securities were purchased, and some of them held in the vaults of a branch bank in London, and were seized by the London trustee appointed under war legislation, who sold the securities, and who, according to Mr. Lafferty's view, applied the proceeds derived therefrom in liquidating the debts of German banks to British creditors. In this manner German banks obtained a direct benefit by the application of the funds derived from the sale of securities which they had purchased for their own nationals, by having their own debts extinguished.

It was thought that a provision should be inserted in the bill under which those persons whose property had thus been disposed of for the benefit of the bank should have the right to litigate in the American courts their claims, and attach the property in the hands of the Treasury or of the Alien Property Custodian, and have it held until they could establish their claims against the bank.

The provision in the bill fairly protects claimants of this character, and also goes further and protects American nationals who may have claims of like character against German banks, which have money in the hands of the custodian. They may bring suit in the District of Columbia and attach in the hands of the Alien Property Custodian sufficient funds to meet any judgment they may obtain.

Mr. NORRIS. Is that to be an action by an American citizen against a German bank in Germany?

Mr. KING. Yes.

Mr. NORRIS. Suit commenced in the District of Columbia?

Mr. KING. Commenced in the District of Columbia. Of course, it is an action in rem, and under attachment, as the Senator knows, under the great case of *Pennoy v. Neff*, in the Supreme Court, the court may obtain jurisdiction by constructive service, though the defendant may be an alien, or beyond the jurisdiction of the court.

Mr. NORRIS. The thing that would give them jurisdiction would be the attachment of the money.

Mr. KING. Exactly; it is an action in rem. The same remedy we give to the German nationals we give to the American nationals.

Now I yield to my friend from Nebraska.

Mr. HOWELL. Mr. President, is it not a fact that this agreement and accord, to which the Senator has referred—

Mr. KING. What does the Senator mean by "agreement and accord"?

Mr. HOWELL. As between those Americans entitled to awards of the Mixed Claims Commission, and the German nationals who are interested in the fund in the hands of the Alien Property Custodian.

Mr. KING. I beg the Senator's pardon. There is a great deal of difference between an agreement and an accord, if he uses the word "accord" in the legal or juridical sense, and I do not want to misunderstand my friend. I beg him to reframe his question so that I may not misunderstand him.

Mr. HOWELL. The senior Senator from Utah stated that there seemed to be an accord between the claimants on both sides and that they had come to an agreement.

Is it not a fact that American claimants have been holding up, by their influence, the payment of these funds in the hands of the Alien Property Custodian, insisting that the German nationals should not get their money until provision was made for them to have their awards paid?

Mr. KING. Mr. President, I do not know as to that; but I can readily understand that if I were an American claimant, and I had discovered that the German Government had left in the hands of my Government two or three hundred million dollars, with instructions to my Government to hold the same until the German Government made satisfactory arrangements to pay me, as well as all others in like condition, I would say to my Government, "I do not want you to release this fund until I am paid or until assurances are made satisfactory to me that I shall be paid."

There is one thing I do not quite approve. I have felt that some American nationals were too eager to have the American Government assume the payment of their claims and relieve Germany absolutely; and many American claimants were backing the original Treasury scheme, which I think was indefensible, to have the American Treasury pay all of the American claims.

Mr. HOWELL. I acknowledge that the attitude of the American claimants is quite natural, but in view of our history and our position respecting confiscation of private property in time of war over all the 125 or more years of our existence, I ask the Senator if he believes that Congress has been justified in withholding this money belonging to German nationals here for the last nine years?

Mr. KING. My friend must understand my position. I took the position in 1920 that the property should be restored. Senator Knox, now deceased, supported the view which I expressed. But we are confronted now with a different situation. It is more than an academic question before us. It is a practical situation, and even idealists must at times become realists and deal with realities.

Indeed, I sometimes think that the highest form of idealism may call for the working out of proper principles for the recognition and application of realities.

Now, we have this fund here. Germany can not pay American nationals. German nationals say, "We will be glad to have this matter settled now, so that we may obtain 80 per cent of the amount due at the earliest possible moment. The remaining 20 per cent may be deferred and paid with 5 per cent interest at a later date."

Mr. HOWELL. Simple interest.

Mr. KING. Yes; simple interest.

Mr. HOWELL. Just recently the distinguished Senator stated that they might not be able to get any such rate of interest upon their investment, but he knows that simple interest over that period of something like 26 years—

Mr. KING. Oh, no; not so long.

Mr. HOWELL. About 24 years.

Mr. KING. I do not think the Senator is right.

Mr. HOWELL. It certainly does not at all equal  $3\frac{1}{2}$  per cent.

Mr. KING. At any rate, it gives them a settlement of which they approve. They are satisfied with it.

Mr. HOWELL. But they have had a gun held to their heads and have been told, "You will agree to this or you will not get anything."

Mr. KING. I do not think the Senator is right. I do not think the United States has taken that position.

Mr. HOWELL. I do not say the United States has taken that position, but the Congress has been a party to such an attitude. What I say is that American claimants have stood in the way of German claimants receiving the funds to which they are entitled, in accord with the policy of this Government for the last 125 years. I feel that the American people ought to be ashamed of the attitude that has been taken in the premises.

Furthermore, I wish to say that, in my opinion, we will bitterly regret it some day, because now we are the great creditor nation. Our property and credits are strewn all over the world, and if we confiscate German property or any other property we will regret it. That is exactly what we are doing if we take this \$25,000,000 and do not pay interest thereon. The present worth of \$25,000,000 for the average time, 25 years, is only \$7,400,000. We would be confiscating nearly \$18,000,000 right in this one act.

Mr. KING. I do not want to assent to the view that this is confiscation.

Mr. HOWELL. Then what is it?

Mr. KING. I have stated that the German Government, exercising her undoubted power, has placed that property in our hands and told us to hold it. Now, the German nationals may quarrel with their own Government; perhaps they will. I have no doubt that Germany, when she arises from her post-war condition and becomes the dominating industrial and economic, if not political, factor in Europe, will compensate her nationals, as she is already compensating some of them for property which was taken by the allied nations when found within their dominions during the war. Moreover, if Germany meets the Dawes annuities or makes some settlement with the allied nations and the United States by the terms of which the claims of the United States and its nationals are paid, then German nationals will be fully paid except that the holders of interest certificates will be denied interest on such certificates unless we make provision for the same in this bill.

The Senator knows that in the last report which was submitted by Mr. Parker Gilbert or by the Reichstag attention was called to the fact that it was proposed by the German Government to levy a tax of 1,200,000,000 gold marks for the coming year, as I recall, in order to partially compensate German nationals for property which had been applied by the allied nations in liquidating claims of their nationals against the German Government or German nationals. I think that Germany, as she mounts the steps toward the uplands of prosperity and complete financial rehabilitation, will compensate her nationals for any losses which they have sustained by reason of a portion or all of their property which was seized by the allied nations and applied to liquidate her indebtedness, and they in time will be fully compensated for the sacrifices which they made in behalf of their mother country. Their Government has told us to hold the property.

Now, the German nationals come to us and say, "We want you to release the property," the German Government says, "We want you to release the property," and American claimants say, "We want you to release the property. Concessions have been made in order to reach an agreement between the interested parties."

Shall we stand here and say we will ignore the German Government, we will ignore the German nationals, we will ignore the American nationals, and refuse to accept the settlement which has been agreed to by substantially all of the parties concerned in this matter?

Mr. HOWELL. Mr. President, the distinguished Senator has pointed out that his attitude in 1923 is exactly my attitude now. The ratification of the Berlin treaty was prior to 1923. Therefore he has changed his position.

Mr. KING. Oh, no.

Mr. HOWELL. Otherwise he would stand here as I stand now—and shall stand—and urge the return of every dollar of German property at the earliest possible moment. It can be done if we will refuse to pay now the insurance companies' profits, amounting to \$52,000,000, which are to be paid them under the terms of this bill—80 per cent within three years and the remaining 20 per cent at the end of 21 years thereafter.

I ask the distinguished Senator from Utah if he approves of paying the insurance companies \$52,000,000 and taking \$40,000,000, or 20 per cent, from the funds of German nationals in the hands of the Alien Property Custodian to do so, because that is what we are doing? We are taking from the Germans that money to which they are entitled that we may pay these insurance companies \$52,000,000. We recognize, so far as the Government is concerned, that it has awards which are profits on insurance written, but those profits are to be paid last, and, of course, if Germany does not pay we will not get those profits. Why should we pay profits otherwise to these 45 insurance companies because they are here in the persons of a tremendous lobby to put this bill over?

Mr. SMOOT. Mr. President, before my colleague answers will he yield to me?

Mr. KING. Certainly.

Mr. SMOOT. I would like to say that when the time comes I shall desire to make a statement to the Senate as to just what the profits have been to the insurance companies. I will have the information in detail, and I assure the Senator from Nebraska that the statement he has made now, according to facts which I am told by people who know are facts, is not justified.

Mr. KING. Mr. President, the Senator has asked me a question. Let me answer it. This matter came before the committee and I took the view then that we ought to differentiate between the actual losses of the insurance companies and the profits. That is to say, if they insured a vessel and the vessel was lost, they ought to receive an award for the loss and they ought to be put in the same category as substantially all the other American claimants. I did feel, however, as to their profits the same as I feel with respect to the profits which the Government made upon its insurance business, that they ought to be put in the last category.

But arguments were made by Senators before the committee—and I am not betraying any confidence, I hope, in making that statement. For instance, it was said that American citizens were engaged in the insurance business. The proceeds and profits of the insurance business were distributed among a large number of people as stockholders. There were great risks during the war. Some insurance companies lost and others made profits. Why should an insurance company—I am repeating substantially the argument of some of the Senators before the committee—engaged in a legitimate business, because it made a profit during the war be denied payment pro rata with other



American claimants making claims against Germany? It might have sustained losses. Fortunately for it, it did not.

Some German submarines missing the ships at which they fired saved them a loss and thus permitted profits. So the argument was, Why should we penalize them while they are engaged in a legitimate business and put them in the last category?

Mr. REED of Pennsylvania. Mr. President, may I ask the Senator if it is not a fact that all accumulated capital is profit for somebody at some time?

Mr. KING. Exactly. I have stated my position. I voted in the committee for the amendment which the Senator offered.

Mr. HOWELL. I am glad to know it.

Mr. KING. But I think he and I will perhaps stand alone or in the minority in supporting the amendment here. I shall vote for it here, but the arguments against it possessed merit.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. KING. Certainly.

Mr. HARRISON. The Senator has told the Senate that he voted in committee for the amendment of the Senator from Nebraska.

Mr. KING. Yes.

Mr. HARRISON. He might well have told the Senate that he was the only member of the committee who did vote for the amendment.

Mr. KING. That is true. I have the good fortune or misfortune frequently to be alone. That does not convince me that I am wrong, though perhaps in this matter I may have been wrong.

Mr. HOWELL. Mr. President, I want to call the attention of the distinguished Senator from Utah to the fact that in voting as he did in the committee he was voting in accord with the traditions of the United States Congress. In 1874 in connection with the *Alabama* claims this provision was inserted in the law:

And no claim shall be admissible or allowed by said court—

The court of commissioners of *Alabama* claims—

by or in behalf of any insurance company or insurer, either in its own right, or assignee, or otherwise, in the right of a person or party insured as aforesaid, unless such claimant shall show, to the satisfaction of said court, that during the late rebellion the sum of its or his losses, in respect to his or its war risks, exceeded the sum of its or his premiums or other gains upon or in respect to such war risks; and in case of any such allowance, the same shall not be greater than such excess of loss.

That is the position that has already been taken by the United States Congress. In this bill are awards which, with interest, amount to \$52,000,000 for insurance companies which, in their testimony before the Committee on Ways and Means of the House of Representatives, admitted that their aggregate losses during the war, over and above their premiums and expenses, were but \$60,000, the premiums amounting to \$247,000,000.

Mr. President, in order that we may understand the nature of these claims let me say that when an insurance company insures a risk and has a loss it takes from the premiums collected enough to pay that loss. That is a part of its business; that is its method of doing business. If it did not do that, it would not be in business.

These insurance companies did just exactly that; and they often charged as much as ninety-six times the premiums they had been charging in peace times for voyages across the Atlantic Ocean. Out of the premiums collected they paid their losses and were in the clear; but since then they have gone before the Mixed Claims Commission and said, "Here, my insured had a loss; of course, we paid him for his loss; if we had not paid him you would have to pay him; now, you pay us in his place; we are subrogated to his rights." On that basis the Mixed Claims Commission handed down awards for insurance companies to the amount of \$35,000,000. Were they losses in the sense that they had caused misery and misfortune to the insurance companies? No. They were losses that they could expect in the course of their business. Interest at 5 per cent allowed upon those losses brings the total award to these insurance companies up to \$52,000,000. As they did not lose anything this \$52,000,000 is merely profit, but we are including it in this bill and providing for the payment of 80 per cent thereof within three years, just as we are providing in the case of losses to American citizens who were unfortunate.

Mr. SHORTRIDGE. Who incurred losses in fact.

Mr. HOWELL. They were losses in fact, which meant misfortune and possibly misery and failure. In this case, however, it was merely what the insurance companies anticipated when they took the risks. Their representative testified before the Ways and Means Committee that in peace times on voyages to Europe ships and cargoes were often insured on the basis of

one-twentieth of 1 per cent, but that on all of their war-period losses together the average premium had been 4.5 per cent, which, if Senators will figure it out, is ninety-six times what the normal premium often was in time of peace. We should say to these insurance companies, "We are perfectly willing you should have your profit if Germany ever pays." Understand, Germany is paying \$10,700,000 a year. That is the maximum we can get.

Germany may not continue to pay it; Germany may pay for only 3, 4, 5, or 10 years longer; we do not know; but these companies say, "We do not want to be put off because we may not get our money; we want it now." And they have been here in the persons of their lobby insisting that Congress provide for the payment of this profit. In order to do so, they have asked Congress, which has respected private property in time of war from almost the beginning of our history, to deduct for them from the Alien Property Custodian funds \$40,000,000 so that they may be paid. I am perfectly willing that the insurance companies should be paid if they will wait until Germany pays.

Mr. SHORTRIDGE. Mr. President, may I ask the Senator from Nebraska a question?

Mr. HOWELL. Certainly.

Mr. SHORTRIDGE. What, then, is the precise form of the Senator's amendment? What does he wish to have done? I ask the question so that I may fully understand the force of what the Senator is stating.

Mr. HOWELL. Mr. President, in the United States the rate for marine insurance became so high during the World War that the Congress authorized the Veterans' Bureau to write such insurance. It did so at a profit. It also has gone before the Mixed Claims Commission and made claim upon the same ground of subrogation for its losses, and awards have been made. They, together with interest, amount to about 14 per cent of all the awards of that commission. But, Mr. President, the House committee, the House, and the Senate committee have said, "Of course, those awards represent profits and they ought not to be paid until the last; therefore we will put off their payment until the last 13 years"—the 13 years extending from 26 years hence to 39 years hence—"we will put this character of awards in that class." What my amendment seeks to accomplish is to put the insurance companies' awards in the same class with the Government's awards of the identical character.

Why should we treat them better than we do the people of the United States? There seems to be, apparently, some reason, strong enough, in the minds of some Senators, to lead them to believe that we should not celebrate in this manner; that the American Treasury, in preference, should be drawn upon whenever an individual might lose, that it should step aside for these insurance companies and their claims for profits.

Mr. President, I hope to discuss this matter further, and I shall offer two amendments. One will provide that we shall not deduct \$40,000,000 from the Alien Property Custodian's fund to pay these insurance companies; that we shall pay the German claimants their \$40,000,000, and that we shall put the insurance companies with awards of an identical character in the same class in which the committee has placed the United States Government's insurance awards.

Mr. SHORTRIDGE. That is the scope of the Senator's amendment?

Mr. HOWELL. Yes.

Mr. HARRISON. Let me ask the Senator if he can not offer his amendments to-night, so that we may vote upon them and hasten the passage of the bill?

Mr. HOWELL. No; it is late now, and I desire to speak upon them.

Mr. HARRISON. We have sat here and listened to the Senator for quite a while in the discussion of this matter; it is fresh in our minds now, and why can we not vote?

Mr. HOWELL. I hope that this bill will not be voted on to-night.

Mr. SMOOT. I should like to have the bill passed to-night, I will say to the Senator.

Mr. HOWELL. It is now half past 4 o'clock.

Mr. ROBINSON of Arkansas. Let me say to the Senator from Nebraska that I understand if the bill can be disposed of this evening there is a purpose to adjourn over until Monday, so as to give Senators the opportunity to attend to office and committee work.

Mr. HOWELL. I suggest that we adjourn until Monday, and take up the bill on that day. I should prefer that course.

Mr. SMOOT. An hour and a half remains before 6 o'clock.

Mr. HOWELL. Debate has been proceeding during the afternoon; this is one of the most important bills that will be before the Senate this session, and we certainly ought not to

cut off discussion after so short a time. I have certain other proposals which I wish to offer.

Mr. SMOOT. Can not the Senator do so within an hour and a half?

Mr. HOWELL. I am not prepared to do so this evening. I understood we would adjourn about half past 4.

Mr. SMOOT. I did not give any intimation of that kind to anybody, so far as I recall. I know the feeling of the Senate; from what Senators have told me, they would like to get through with the bill to-night and adjourn over until Monday.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Utah, which will be stated.

The CHIEF CLERK. On page 79, line 23, after the word "more," it is proposed to strike out "noninterest-bearing participating certificates," and insert "participating certificates bearing simple interest at the rate of 5 per cent per annum.

The PRESIDING OFFICER. The question is on the amendment to the amendment of the committee. [Putting the question.] The amendment to the amendment is rejected.

Mr. HOWELL. I ask for the yeas and nays on the amendment.

Mr. SMOOT. The vote has been announced.

Mr. HARRISON. Mr. President, the vote has been announced and the question is settled.

Mr. KING. Mr. President, in order, if the bill shall not be passed tonight, that we may have an opportunity to vote on the amendment to the amendment in the Senate, I reserve the right to ask for a separate vote on it when the bill reaches the Senate.

Mr. COPELAND. Mr. President, I have two or three amendments which I desire to suggest.

Mr. KING. Will the Senator allow me to present some additional amendments which I desire to offer? Will he yield to me for that purpose?

Mr. COPELAND. Yes.

Mr. KING. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 98, after line 24, it is proposed to insert the following as a new section:

SEC. 19. Subsection (f) of section 10 of the trading with the enemy act, as amended, is amended by adding at the end thereof the following new paragraph:

"In the case of any such patent, trade-mark, print, label, or copyright, conveyed, assigned, transferred, or delivered to the Alien Property Custodian or seized by him, any suit brought under this subsection, within the time limited therein, shall be considered as having been brought by the owner within the meaning of this subsection, in so far as such suit relates to royalties for the period prior to the sale by the Alien Property Custodian of such patent, trade-mark, print, label, or copyright, if brought either by the Alien Property Custodian or by the person who was the owner thereof immediately prior to the date such patent, trade-mark, print, label, or copyright was seized or otherwise acquired by the Alien Property Custodian."

Mr. SMOOT. I will be glad to accept that amendment.

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to.

Mr. KING. I offer another amendment.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 102, after line 22, it is proposed to insert as a new section the following:

#### OFFICE OF ALIEN PROPERTY CUSTODIAN

SEC. 21. (a) The office of Alien Property Custodian is abolished, and all the authority, powers, and duties of the Alien Property Custodian are transferred to the Secretary of the Treasury, to be held, exercised, and performed by him. All money or other property held by the Alien Property Custodian is transferred to the Secretary of the Treasury, to be held, administered, and accounted for in the same manner as though the office of Alien Property Custodian had not been abolished.

(b) No suit, action, or other proceeding lawfully commenced by or against the Alien Property Custodian in his official capacity, or in relation to the discharge of his official duties, shall abate by reason of the transfer of authority, powers, and duties to the Secretary of the Treasury, but the court, on motion or a supplemental petition filed at any time within 12 months after this section takes effect, showing a necessity for a survival thereof to obtain a settlement of the questions involved, may allow the same to be maintained by or against the Secretary of the Treasury.

(c) All proceedings, hearings, investigations, and other matters pending before the Alien Property Custodian in respect of the authority, powers, and duties transferred to the Secretary of the Treasury, shall be continued and brought to final determination before the Secretary of the Treasury in the same manner as though such transfer had not been made.

(d) All officers and employees (except the Alien Property Custodian) appointed under the provisions of section 6 of the trading with the enemy act, as amended, who, in the opinion of the Secretary of the Treasury, have satisfactory records of efficiency and are qualified to perform the duties assigned to them, shall, after the effective date of this section, be retained at rates of compensation fixed by the Secretary of the Treasury, as nearly as may be, in accordance with the classification act of 1923. The Secretary of the Treasury is authorized, without regard to the civil service laws, to appoint and, in accordance with the classification act of 1923, fix the compensation of such additional officers and employees as may be necessary for the administration of the functions hereby transferred to him.

(e) This section shall take effect upon the expiration of 18 months after the date of the enactment of this act.

Mr. SMOOT. Mr. President, that gives 18 months for the Alien Property Custodian to wind up the affairs of his office. I will accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. KING. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 98, after line 24, it is proposed to insert a new section, as follows:

SEC. 19. The proviso of paragraph 10 of subsection (b) of section 9 of the trading with the enemy act, as amended, relating to return to certain insurance companies, is repealed.

Mr. SHORTRIDGE. Mr. President, may I ask that that amendment be read again?

The PRESIDING OFFICER. The Secretary will restate the amendment.

The amendment was restated.

Mr. SHORTRIDGE. I desire to be heard upon the amendment. Is it the purpose or intent to get this bill through this afternoon?

Mr. SMOOT. I will say to the Senator that I should like to clean up every question that I can.

Mr. SHORTRIDGE. We should all like to clean it up; but I have an amendment to propose which I hope will not provoke argument.

Mr. SMOOT. I do not think the Senator's amendment will provoke very much argument to-night. I know what it is.

Mr. SHORTRIDGE. I do not know as to that.

Mr. KING. Mr. President, will the Senator from California yield?

Mr. SHORTRIDGE. Certainly.

Mr. KING. I will withhold my amendment, if the Senator has one which is cognate to this, until his amendment is disposed of, and then offer mine, if the Senator desires.

Mr. SHORTRIDGE. Very well.

Mr. KING. I withhold my amendment for the moment, and with the permission of the Senator—because his amendment relates to the same subject—yield to the Senator from California.

Mr. SHORTRIDGE. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 101, between lines 11 and 12, it is proposed to insert:

That section 9 of an act entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," approved October 6, 1917, as amended, be, and hereby is, amended to read as follows:

Amend subdivision (a) of section 9 by adding thereto the following words:

"That as to any claim or claims filed with the Alien Property Custodian under the provisions of this act against any insurance partnership, association, or corporation for unpaid amounts for losses or damages caused directly or indirectly by the great San Francisco conflagration of April 18, 1906, the right to plead the statute of limitations and/or laches as a defense is hereby suspended. Any number of claimants against any such insurance partnership, association, or corporation for unpaid amounts for losses or damages caused directly or indirectly by the great San Francisco conflagration of April, 1906, may join in the same action.

"Provided, That no insurance partnership, association, or corporation, against which any suit or suits may be filed by any citizen of the United States in any court having jurisdiction thereof within 90 days after the passage of this act shall be entitled to avail itself of the provisions of this act until such suit or suits have been satisfied.

Mr. SMOOT. Mr. President, that is the identical amendment that was in the bill as it passed the Senate last year.



I will say to the Senator that I am perfectly willing that it shall be adopted now and go to conference.

Mr. KING. Mr. President, I am very much opposed to this amendment for very, very many reasons. I do not want to detain the Senate now. I regret, of course, that the chairman of the committee has seen fit to accept the amendment. I do not believe in the wisdom or the propriety of the Federal Government interfering with State statutes in regard to the matter of limitations of actions. I think the legislation is improper and unwise. I shall not detain the Senate, though, in a discussion of it, because I feel quite sure that the conferees, in the consideration of this revolutionary proposition, so manifestly unfair, will very promptly repudiate it.

Mr. SHORTRIDGE. Mr. President, in the first place, the proposition is not revolutionary.

In the second place, it is not unwise.

In the third place, there are authorities of our Supreme Court for practically three-quarters of a century approving legislation in respect to the statute of limitations.

In the fourth, fifth, and hundredth places, there is justice and right supporting this amendment.

I did say, however, and I now say in the interest of time and peace and harmony, that certainly it would be agreeable to have the amendment go into conference. I shall not be a conferee; I shall not be there to defend the amendment; but I shall hope that Members of the Senate will give heed to the reasons which may appear in the RECORD of the House, and particularly an address made some years ago by a former Congressman, now deceased, Mr. Julius Kahn, of California, and to other facts and arguments which will appear in the RECORD; and I will abide by the decision of the conferees. I will ask that that be done in the interest of time, rather than to take up the attention of the Senate in argument which, to cover the case, would necessarily consume a very considerable amount of the time of the Senate.

Mr. KING. Mr. President, of course, if this amendment goes to conference I shall ask the same consideration for mine.

Mr. SHORTRIDGE. Certainly.

Mr. HARRISON. Mr. President, I know there are just a few Senators here; but after this amendment is adopted I want to reserve the right to have a vote in the Senate if I choose.

Mr. SMOOT. I think if one amendment goes in the other should go in.

The PRESIDING OFFICER. The question is upon agreeing to the amendment proposed by the Senator from California [Mr. SHORTRIDGE] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. KING. Now, I reoffer my amendment.

The PRESIDING OFFICER. The Senator from Utah re-offers his amendment, which will be stated.

The CHIEF CLERK. On page 98, after line 24, it is proposed to insert a new section, as follows:

SEC. 19. The proviso of paragraph 10 of subsection (b) of section 9 of the trading with the enemy act, as amended, relating to return to certain insurance companies, is repealed.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SMOOT. Mr. President, on page 99, line 15, I move to strike out the parenthesis, and in line 16 to strike out the comma before the word "such" and insert in lieu thereof a parenthesis. It is simply a mistake in printing; that is all.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. KING. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 94, line 15, it is proposed to insert a new subsection, as follows:

(c) Where the Alien Property Custodian has made demand or requirement for the conveyance, transfer, assignment, delivery, or payment to him of any money or other property of any enemy or ally of enemy (whether or not suit or proceedings for the enforcement thereof has been begun, and whether or not any judgment or decree in respect thereof has been made or entered), and where the interest or right of such enemy or ally of enemy in such money or property has not, prior to the enactment of the settlement of war claims act of 1928, vested in enjoyment, the Alien Property Custodian may, in his discretion and on such terms and conditions as he may prescribe, waive such demand and requirement, without compliance with the requirements of subsection (b) of this section, but only with the approval of the Attorney General.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, I ask the attention of the Senator from Utah to page 46, the top of the page, about the radio stations.

There were two wireless stations in America at the beginning of the war—one at Sayville and the other known as the Tuckerton station. I want to ask the Senator from Utah why we should not place both upon the same plane.

Mr. SMOOT. I will say frankly that the Tuckerton station was sold to private citizens, whereas the Sayville radio station was taken over by the Government; and this bill does not attempt to deal with the claims of individuals or any dealings between individuals. That is why it is out of the bill.

Mr. COPELAND. Mr. President, of course I dislike detaining the Senate even for a moment at this late hour, but as a matter of fact one station was sold to the United States, was it not?

Mr. SMOOT. Yes.

Mr. COPELAND. And the other one was taken over by the Navy Department under the proclamation of the President.

Mr. SMOOT. They were both taken over by the Navy Department under the proclamation of the President.

Mr. COPELAND. But the Navy Department operated the second station, and then afterwards it was sold and a certain amount was paid to the Alien Property Custodian, but the original owners have never received this money and other receipts.

Mr. SMOOT. One was sold to the United States and one was sold to private parties, and this bill has not undertaken to cover dealings with private parties. The Tuckerton station fell within that class.

Mr. COPELAND. Would the Senator, in order to save time, be willing to accept an amendment to add after the word "station" the words "or rights therein," and then leave out the words "to the United States," in order that the referee when appointed might consider whether they have any rights or not?

Mr. SMOOT. I want to say frankly to the Senator that it would do no good. That matter was turned down by the House a year ago, and it was turned down again this year. I do not want to hold out any hope at all to the Senator as to the House yielding. I would not want to be held responsible for having this go in, and have the Senator say, "Oh, well, you did not try to keep it in."

Mr. COPELAND. My responsibility ceases, and so does that of the Senator from Utah, with what we do here. I am sure the conferees will be fair. So I ask that on page 46, after the word "station," in the first line, there be inserted the words "or rights therein," and then in the third line that the words "to the United States" be stricken out.

Mr. SMOOT. Really, that has no right in the bill, and I wish that the Senator would not offer it.

Mr. COPELAND. I do not like to have the Senator force me to make an argument.

Mr. SMOOT. So far as I am concerned, it may go into the bill, but I want to say to the Senator now that I have no idea whatever that the House will yield.

Mr. COPELAND. I hope the House will yield. Anyhow I am very much obliged to the Senator, and I think this is the better way to handle it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the junior Senator from Utah [Mr. KING].

The CHIEF CLERK. On page 95, line 7, add a new paragraph to section 30, to read as follows:

The remedy by attachment provided for by this section shall extend to any person who may institute any suit at law or in equity in the Supreme Court of the District of Columbia, against any person to whom any money or property is returnable under this act, and who shall give such bond as may be required by the court, and in any such action or suit where the facts upon which a recovery is sought shall involve the purchase of shares in an American corporation the Supreme Court of the District of Columbia is hereby authorized to hear and determine such suit or action in accordance with the principles of law and equity as the same was in force in the District of Columbia.

Mr. SMOOT. I do not think that is necessary, but I am perfectly willing to have it go in the bill. I think the bill provides for it anyhow.

Mr. KING. There is some controversy as to the proper interpretation to be placed upon the provision of the bill, and this

makes the matter clear. If the bill, upon careful examination, shows that it is broad enough to take care of this matter, then this may be discarded, but I think this is better, and clarifies what obviously is an uncertainty.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment to the amendment was agreed to.

Mr. COPELAND. Mr. President, if a German woman marries an American citizen and becomes an American citizen, why should she not be released from the adverse operation of this measure? The trading with the enemy act, as it now exists, directs the return of the property of American women who have married Germans, and thereby become German citizens, quite regardless of the fact that their husbands may have taken an active part in the recent war against the United States. It seems to me that German women who by marriage have become American citizens are certainly in a far better position to request that the rights in their property be respected.

Mr. SMOOT. The Senator refers to a woman who was a German citizen. If we began to return property to German women who had become American citizens, though they were the most wonderful women in the world, there would be no end to it. We can not do that.

Mr. COPELAND. Have many German women married American citizens?

Mr. SMOOT. Quite a number of them; I can not tell how many. But the Senator refers to one who was a German citizen; and this bill does not provide, and I know the Senator does not want it to provide, that we should return property to German citizens.

Mr. COPELAND. The judgment of the Senator is that this would be an unwise and improper procedure?

Mr. SMOOT. Absolutely.

Mr. COPELAND. I wonder if any other Senator has an opinion on that subject. Is the opinion of the Senator from Utah the general opinion?

Mr. SMOOT. It is the unanimous opinion of the committee.

Mr. COPELAND. I send to the desk an amendment and ask that it be read.

The PRESIDING OFFICER. The clerk will read.

The CHIEF CLERK. Amend section 18 of the Finance Committee's report on H. R. 7201 by changing the period at the end of subsection (b) of section 18 to a comma and adding the following words:

*Provided, however,* That within six months after this act takes effect the Alien Property Custodian shall have filed tentative returns of all such taxes, or the Commissioner of Internal Revenue shall have made tentative assessment of all such taxes, in which case the amount so tentatively returned or assessed shall be paid for taxes by the Alien Property Custodian subject to refund to, or additional payment by, the taxpayer upon the final determination of such taxes after such court review, if any, to which the taxpayer may be entitled. In default of such return or assessment within said six months, no property of any enemy as to which said default occurs shall be retained for taxes, but the liability of the taxpayer to pay 80 per cent of any proper taxes after any court review to which he may be entitled shall nevertheless continue, and any sums repayable to the taxpayer on account of the 20 per cent retained under subsection (m) of section 9 of the trading with the enemy act shall, for a period of two years after this act takes effect, be retained by the Alien Property Custodian as security for the payment thereof.

Mr. SMOOT. Mr. President, I wish to say to the Senator that this subject was presented to the committee, and it was defeated unanimously by the committee. It was presented to the House, and the House refused to take it into consideration. The matter ought to be covered by legislation outside of this bill, if at all. It is foreign to this bill.

Mr. COPELAND. I may say to the Senator that our late enemies are not responsible for the nonpayment of these taxes.

Mr. SMOOT. Of course, they are not responsible in one way; but this would open up the whole question of taxation.

Mr. COPELAND. Mr. President, the sole purpose of this amendment is to prevent the retention for years, perhaps, of enemy property, until the taxes thereon, while it was in the Alien Property Custodian's hands, shall have been determined. For, under the tax laws, the Commissioner of Internal Revenue has five years to assess a tax. Therefore, until 1932 he need not assess taxes for 1927. Hence, in view of the requirement of section 24 of the trading with the enemy act, which compels the custodian to pay taxes out of enemy property, it is conceivable that such property may be retained for five years, until the taxes are determined and paid. This will not only delay the determination of the 80 per cent to be returned to the enemies, but also the fixing of the 20 per cent to be applied to pay American creditors.

The enemies are certainly not responsible for the nonpayment of such taxes, in so far as they have not been paid or assessed. Their property has been in the possession of the custodian for almost 10 years, without any control by them, and the custodian has had and still has power to pay such taxes. The delay, therefore, if in any respect it has been too protracted, whether chargeable to the Commissioner of Internal Revenue for not assessing the taxes or otherwise, is certainly not chargeable to the enemies. They should not be made to suffer unduly for something which can not possibly be their fault.

Information from the custodian's office shows that while most taxes, inclusive of 1925, have been paid, no taxes of insurance companies have been paid beyond 1919, and that neither returns nor assessments for any later year have been made.

The proposed amendment, therefore, would require such returns or assessments to be made within six months after the act takes effect, and that no enemy property be retained for taxes except where such return is filed or assessment made within that time, though the liability of the enemy to pay would still continue; and it suggests that any repayment of the 20 per cent retained be kept for two years after the act takes effect as security for the payment of such taxes. As in most cases 20 per cent of the entire property, principal and accrued income, will represent more than the total tax on income, it is believed that ample security is thus afforded where no tax is returned or assessed within the six months.

To permit the custodian to retain enemy property indefinitely because of delay in fixing the tax, not chargeable to the enemy, would seem neither wise nor proper in a bill which purports to make an immediate return of 80 per cent of enemy property.

Mr. SMOOT. Mr. President, I do not like to take a thing to conference which I know we could not agree to. We can not agree to this, and if I am one of the conferees I say frankly to the Senator now I could not agree to it.

Mr. COPELAND. Will the Senator accept it and take it to conference, regardless of its fate?

Mr. SMOOT. If the Senator wants to have it go in after that statement, I will let it go into the bill, but I want to say that it will never stay in.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment as amended.

Mr. HOWELL obtained the floor.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. HOWELL. I yield.

Mr. SMOOT. I understand that all amendments to be offered have now been offered, with the exception of the amendments to be offered by the junior Senator from Nebraska [Mr. HOWELL]. If I could get unanimous consent for a time to vote on the bill without calling for a quorum, I would do so, but I intend now to ask that when the Senate concludes its business to-day it take a recess until 12 o'clock on Monday.

Mr. HARRISON. May I ask the Senator whether we can not agree that after a certain hour on Monday no speech shall be longer than five minutes? Such an agreement will obviate the necessity of calling for a quorum.

Mr. SMOOT. I ask unanimous consent that when the Senate concludes its business to-day it take a recess until Monday, and that after 2 o'clock on Monday no speech on the bill or on any amendment thereto shall be for longer than five minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMOOT. The junior Senator from Nebraska has been recognized and will have the floor on the expiration of the recess.

The agreement limiting debate was reduced to writing, as follows:

#### UNANIMOUS CONSENT

*Ordered* (by unanimous consent), That after the hour of 2 o'clock p. m. on the calendar day of Monday, February 20, 1928, no Senator shall speak more than once or more than five minutes upon House bill 7201, to provide for the settlement of certain claims of American nationals against Germany and of German nationals against the United States, etc., or more than five minutes upon any amendment that may be pending or any amendment that may be offered thereto.

#### EXECUTIVE SESSION

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After five minutes spent



in executive session, the doors were reopened, and the Senate (at 5 o'clock p. m.), under the order previously entered, took a recess until Monday, February 20, 1928, at 12 o'clock meridian.

### CONFIRMATIONS

*Executive nominations confirmed by the Senate February 17 (legislative day of February 16), 1928*

#### PROMOTIONS IN THE NAVY

##### To be lieutenant commander

Hugh St. Clare Sease.

##### To be lieutenant

Charles P. Woodson.

##### To be lieutenants (junior grade)

Thomas U. Sisson.

Walter D. Leach, jr.

Homer B. Wheeler.

William E. Verge.

Walter W. Siegrist.

Joseph F. Dahlgren.

##### To be surgeon

Norman J. Haverly.

##### To be passed assistant surgeons

Clifton A. Young.

Walter G. Kilbury.

##### To be assistant dental surgeon

Walter P. Caruthers.

##### To be chief boatswain

Harold L. Arnold.

#### MARINE CORPS

##### To be chief marine gunner

Michael Wodarczyk.

##### To be chief quartermaster clerks

Harry Halladay.

Amos E. Potts.

Walter E. Yaecker.

William J. Cahill.

Charles Wiedemann.

Joseph R. Morris.

##### To be chief pay clerks

Frealigh R. Powers.

John D. Erwin.

Edward J. Donnelly, jr.

Frank H. O'Neil.

Allen A. Zarracina.

#### POSTMASTERS

##### ARKANSAS

William H. Hogg, Stephens.

##### CONNECTICUT

William B. Simon, New Canaan.

##### ILLINOIS

James G. Baker, Waltonville.

Arthur P. Welborn, Woodlawn.

##### KANSAS

Gilbert W. Budge, St. John.

##### MASSACHUSETTS

Thomas Carroll, Bridgewater.

J. Francis Megley, Holbrook.

Carroll L. Bessom, Mansfield.

##### NORTH DAKOTA

Selmer Erfjord, Buxton.

Olaf A. Bjella, Epping.

Gusta A. Hongslo, Galesburg.

James F. McQueen, Pembina.

##### OHIO

Franklin Fasig, Arlington.

Charles A. Bower, Bowerston.

Ella L. Alstadt, Laurelville.

Egbert H. Mack, Sandusky.

Edna M. Gilson, Steubenville.

Mattie M. Beeson, Vandalia.

##### OKLAHOMA

Greenberry Peters, Texhoma.

##### PENNSYLVANIA

William McCandless, Catasauqua.

Lewis M. Krebs, Port Carbon.

Carl H. Borgeson, Wilcox.

##### TEXAS

Ethyl H. Williams, Angleton.

Gertrude N. Merrill, Buffalo.

David A. Young, Commerce.

Bradley Miller, Cooleedge.

William R. Dotson, Jewett.

William H. Dodd, Langtry.

Charles A. Duff, Legion.

John M. Cape, San Marcos.

#### VIRGINIA

John J. Carper, Pearisburg.

John L. Jeffries, Vienna.

#### WEST VIRGINIA

Everett B. Wray, Glen White.

Charlie F. Baldwin, Madison.

Claude Pepper, Salem.

## HOUSE OF REPRESENTATIVES

FRIDAY, February 17, 1928

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

"Thy will be done." It sometimes may be very difficult, our Heavenly Father. It may summon us to surrender personal ease; it may cost us the disdain of the world; it may demand of us to give up friendship. Help us to brave all entreaties and commands and be a force that nothing can retard nor withstand. "Love never falleth." Oh, what a radiant flower, whose perfume is always refreshingly fragrant. In it there is no bitterness and no acid in its fruit. It is a freedom from all impurity and an absence from all despair. It is so sweet, healthy, and sane. Teach us, O God, as we are passing on, that "Now abideth faith, hope, love—these three, but the greatest of these is love." Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment bills of the following titles:

H. R. 7032. An act authorizing the Valley Bridge Co. (Inc.) of Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Cumberland River at or near Canton, Ky.;

H. R. 7033. An act authorizing the Valley Bridge Co. (Inc.) of Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Cumberland River at or near Iuka, Ky.;

H. R. 7034. An act authorizing the Midland Bridge Co. (Inc.) of Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Cumberland River at or near Smithland, Ky.;

H. R. 7035. An act authorizing the Midland Bridge Co. (Inc.) of Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Tennessee River at or near the mouth of Clarks River; and

H. R. 7036. An act authorizing the Valley Bridge Co. (Inc.) of Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Tennessee River at or near Eggners Ferry, Ky.

#### ENROLLED BILL SIGNED

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled a bill of the following title, when the Speaker signed the same:

H. R. 9660. An act authorizing the city of Louisville, Ky., to construct, maintain, and operate a toll bridge across the Ohio River at or near said city.

#### DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. SIMMONS, by direction of the Committee on Appropriations, reported the bill (H. R. 11133) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1929, and for other purposes, which was read a first and second time and, with the accompanying papers, ordered printed and referred to the Committee of the Whole House on the state of the Union.

Mr. GRIFFIN. Mr. Speaker, I reserve all points of order.

#### THE LATE LAIRD HOWARD BARBER

Mr. KENT. Mr. Speaker, I ask unanimous consent to proceed for one minute.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to proceed for one minute. Is there objection?

There was no objection.

Mr. KENT. Mr. Speaker, it is my sad duty to announce to the House of Representatives the death of Hon. Laird Howard Barber, of East Mauch Chunk, Carbon County, Pa. He died yesterday morning at 7 o'clock at his home, surrounded by his family and many intimate friends, at the age of 79 years.

He was born near Mifflinburg, Union County, Pa., October 25, 1848, and prepared for college in the Mifflinburg Academy. He graduated from Lafayette College, Easton, Pa., in 1871. For several years he was principal of the Mauch Chunk public schools, then studied law, and was admitted to the bar of Carbon County June 20, 1881. He was elected as a Democrat to the Fifty-sixth Congress and served with distinction and to the entire satisfaction of his constituents in that Congress from March 4, 1899, to March 3, 1901. He was not a candidate for reelection and resumed the practice of law in Mauch Chunk, Pa.

In 1913 he was elected president judge of the judicial district of Carbon County, was reelected in 1923, and was active as a jurist until a few days before his death.

He was careful and conscientious as a lawyer and statesman, thorough and profound as a jurist, and dignified always. He will be missed by all who knew him.

My State has lost a great and good citizen, a valuable public servant, and a fine Christian gentleman.

I want personally to attest to the fine character and sterling worth of my departed constituent.

Mr. Speaker, I ask for leave of absence for one legislative day to attend the funeral of Judge Barber to-morrow.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### GENERAL CLAIMS BILL

The SPEAKER. When the House adjourned yesterday the previous question had been ordered on the bill H. R. 9285 and all amendments thereto. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is now on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 65, noes 12.

Mr. BLANTON and Mr. RAMSEYER objected to the vote and made the point of order that there was no quorum present.

The SPEAKER. It is evident there is not a quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 280, nays 65, not voting 88, as follows:

[Roll No. 35]

#### YEAS—280

Abernethy	Colton	Gibson	Kvale
Ackerman	Combs	Gifford	LaGuardia
Adkins	Connally, Tex.	Gilbert	Langley
Aldrich	Cooper, Ohio	Glynn	Lankford
Allen	Corning	Goodwin	Lea
Allgood	Cox	Gregory	Leavitt
Andresen	Crall	Green, Fla.	Leach
Andrew	Cramton	Green, Iowa	Leibach
Arentz	Crisp	Greenwood	Letts
Arnold	Crosser	Griest	Lindsay
Auf der Heide	Cullen	Griffin	Linthicum
Bacharach	Dallinger	Guyer	Lowrey
Bachmann	Darrow	Hadley	Lozier
Bacon	Davenport	Hale	Luce
Barbour	Dempsey	Hall, Ill.	McClintic
Beck, Wis.	Denison	Hall, Ind.	McFadden
Beers	De Rouen	Hall, N. Dak.	McKeown
Begg	Dickinson, Iowa	Hammer	McLaughlin
Bell	Dickinson, Mo.	Hancock	McLeod
Berger	Doughton	Hardy	McReynolds
Black, N. Y.	Douglass, Mass.	Hastings	McSweeney
Black, Tex.	Drane	Hawley	Madden
Bland	Driver	Hersey	Magrady
Bloom	Eaton	Hickey	Major, Ill.
Bowles	Edwards	Hill, Wash.	Major, Mo.
Bowman	Elliott	Hoch	Mapes
Box	England	Hoffman	Martin, La.
Brand, Ga.	Englebright	Hogg	Martin, Mass.
Brand, Ohio	Evans, Calif.	Holaday	Mead
Brigham	Fenn	Hooper	Menges
Browne	Fish	Hope	Merritt
Buckbee	Evans, Mont.	Howard, Okla.	Michener
Bulwinkle	Faust	Hudson	Miller
Burdick	Fisher	Hudspeth	Monast
Burtess	Fitzgerald, Roy G.	Hughes	Moore, Ky.
Burton	Fitzgerald, W. T.	Hull, Morton D.	Morin
Butler	Fletcher	Hull, Wm. E.	Morrow
Campbell	Fort	Irwin	Murphy
Carew	Frear	Jacobstein	Nelson, Me.
Chalmers	Free	Johnson, Ind.	Nelson, Mo.
Chapman	Freeman	Johnson, Okla.	Nelson, Wis.
Chase	French	Kading	Newton
Chindblom	Frothingham	Kahn	Niedringhaus
Clancy	Fulmer	Kearns	Norton, N. J.
Clarke	Furlow	Kemp	O'Brien
Cochran, Mo.	Gambrill	Kerr	O'Connell
Cochran, Pa.	Garber	Ketcham	O'Connor, La.
Cohen	Gardner, Ind.	Kiess	Oliver, N. Y.
Cole, Iowa	Garrett, Tex.	Kopp	Palmisano
Collier	Gasque	Korell	Parker

Parks	Selvig	Swing	Ware
Peavey	Shreve	Taber	Warren
Porter	Simmons	Tarver	Wason
Pou	Sinclair	Tatgenhorst	Watres
Pratt	Sinnott	Taylor, Tenn.	Watson
Ragon	Sirovich	Temple	Weaver
Rainey	Smith	Thatcher	Welch, Calif.
Ransley	Snell	Thurston	White, Kans.
Reed, Ark.	Somers, N. Y.	Tillman	White, Me.
Reed, N. Y.	Spearing	Tilson	Whitehead
Reid, Ill.	Sproul, Ill.	Timberlake	Whittington
Robinson, Iowa	Sproul, Kans.	Tinkham	Williams, Ill.
Robison, Ky.	Stalker	Treadway	Winter
Rogers	Stedman	Underhill	Wolverton
Rowbottom	Steele	Underwood	Woodruff
Rutherford	Strong, Kans.	Vestal	Wright
Sabath	Summers, Wash.	Vincent, Mich.	Wurzbach
Schafer	Summers, Tex.	Vinson, Ga.	Wyant
Sears, Nebr.	Swank	Vinson, Ky.	Yates
Seger	Swick	Wainwright	Zihlman

#### NAYS—65

Almon	Collins	Jones	Rankin
Aswell	Cooper, Wis.	Kent	Rayburn
Ayres	Crowther	Kincheloe	Romjue
Bankhead	Davis	King	Rubey
Beedy	Dyer	Lanham	Sanders, Tex.
Blanton	Eslick	McDuffie	Sandlin
Bowling	Fulbright	Mansfield	Speaks
Briggs	Garner, Tex.	Milligan	Stevenson
Browning	Hare	Montague	Taylor, Colo.
Buchanan	Harrison	Morehead	Weish, Pa.
Busby	Howard, Nebr.	Morgan	Williams, Mo.
Byrns	Huddleston	Norton, Nebr.	Williams, Tex.
Cannon	Hull, Tenn.	Oldfield	Wilson, La.
Carss	Jeffers	Oliver, Ala.	Wilson, Miss.
Cartwright	Jenkins	Perry	
Christopherson	Johnson, Tex.	Quin	
Clague	Johnson, Wash.	Ramseyer	

#### NOT VOTING—88

Anthony	Doyle	Kurtz	Rathbone
Beck, Pa.	Drewry	Lampert	Reece
Bohn	Estep	Larsen	Sanders, N. Y.
Boies	Fitzpatrick.	Leatherwood	Schnelder
Boylan	Foss	Lyon	Sears, Fla.
Britten	Gallivan	McMillan	Shallenberger
Bushong	Garrett, Tenn.	McSwain	Stegall
Canfield	Golder	MacGregor	Stobbs
Carley	Goldsborough	Maas	Strong, Pa.
Carter	Graham	Manlove	Strother
Casey	Haugen	Michaelson	Sullivan
Celler	Hill, Ala.	Mooney	Sweet
Connery	Houston, Del.	Moore, N. J.	Thompson
Connolly, Pa.	Igoe	Moore, Ohio	Tucker
Curry	James	Moore, Va.	Udlike
Davey	Johnson, Ill.	Moorman	Weller
Deal	Johnson, S. Dak.	O'Connor, N. Y.	White, Colo.
Dickstein	Kelly	Palmer	Williamson
Dominick	Kendall	Perkins	Wingo
Douglas, Ariz.	Kindred	Prall	Wood
Doutrich	Knutson	Purnell	Woodrum
Dowell	Kunz	Quayle	Yon

So the bill was passed.

The Clerk announced the following pairs:

Until further notice:

Mr. Purnell with Mr. Canfield.  
 Mr. Connolly of Pennsylvania with Mr. Deal.  
 Mr. Manlove with Mr. Garrett of Tennessee.  
 Mr. Britten with Mr. Dominick.  
 Mr. Dowell with Mr. Gallivan.  
 Mr. Sweet with Mr. Boylan.  
 Mr. Graham with Mr. Tucker.  
 Mr. Wood with Mr. Steagall.  
 Mr. Johnson of Illinois with Mr. Davey.  
 Mr. Kendall with Mr. Prall.  
 Mr. MacGregor with Mr. Woodrum.  
 Mr. Thompson with Mr. Sears of Florida.  
 Mr. Stobbs with Mr. Quayle.  
 Mr. Perkins with Mr. Casey.  
 Mr. Anthony with Mr. Igoe.  
 Mr. Bohn with Mr. Celler.  
 Mr. Moore of Ohio with Mr. Kunz.  
 Mr. Reece with Mr. Hill of Alabama.  
 Mr. Foss with Mr. Kindred.  
 Mr. Kurtz with Mr. White of Colorado.  
 Mr. Lampert with Mr. Moorman.  
 Mr. Maas with Mr. Carley.  
 Mr. Strother with Mr. Douglas of Arizona.  
 Mr. Rathbone with Mr. Wingo.  
 Mr. Curry with Mr. Drewry.  
 Mr. Beck of Pennsylvania with Mr. Yon.  
 Mr. Palmer with Mr. O'Connor of New York.  
 Mr. Golder with Mr. Larsen.  
 Mr. Houston of Delaware with Mr. McSwain.  
 Mr. Michaelson with Mr. Sullivan.  
 Mr. Sanders of New York with Mr. Moore of New Jersey.  
 Mr. Doutrich with Mr. Lyon.  
 Mr. Estep with Mr. Dickstein.  
 Mr. Johnson of South Dakota with Mr. Mooney.  
 Mr. Kelly with Mr. Goldsborough.  
 Mr. Leatherwood with Mr. Moore of Virginia.  
 Mr. Williamson with Mr. Weller.  
 Mr. James with Mr. Doyle.  
 Mr. Knutson with Mr. Fitzpatrick.  
 Mr. Bushong with Mr. Connery.  
 Mr. Udlike with Mr. McMillan.  
 Mr. Carter with Mr. Shallenberger.

The result of the vote was announced as above recorded.

On motion of Mr. UNDERHILL, a motion to reconsider the vote whereby the bill was passed was laid on the table.



## SETTLEMENT OF THE INDEBTEDNESS OF THE KINGDOM OF THE SERBS, CROATS, AND SLOVENES

Mr. GREEN of Iowa. Mr. Speaker, I call up the bill (H. R. 367) to authorize the settlement of the indebtedness of the Kingdom of the Serbs, Croats, and Slovenes.

The SPEAKER. The gentleman from Iowa calls up a bill, which the Clerk will report.

The Clerk read the title of the bill.

Mr. GREEN of Iowa. Mr. Speaker, I ask unanimous consent that this bill may be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Iowa asks unanimous consent that this bill may be considered in the House as in Committee of the Whole. Is there objection? (After a pause.) The Chair hears none. The Clerk will report the bill.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That the settlement of the indebtedness of the Kingdom of the Serbs, Croats, and Slovenes to the United States of America made by the World War Foreign Debt Commission and approved by the President upon the terms and conditions as set forth in Senate Document No. 106, Sixty-ninth Congress, first session, is hereby approved in general terms as follows:

SEC. 2. The amount of the indebtedness to be funded after allowing for certain cash payments made by the Kingdom of the Serbs, Croats, and Slovenes is \$62,850,000, which has been computed as follows:

Principal of obligations acquired for cash advanced under Liberty bond acts	\$26,126,574.59	
Accrued and unpaid interest at 4½ per cent per annum to Dec. 15, 1922	4,703,423.14	\$30,199,997.73
Principal of obligations acquired by Secretary of War for surplus war supplies sold on credit	24,978,020.99	
Accrued and unpaid interest at 4½ per cent per annum to Dec. 15, 1922	3,358,790.45	28,336,811.44
		58,536,809.17
Accrued interest at 3 per cent per annum from Dec. 15, 1922, to June 15, 1925		4,390,260.69
		62,927,069.86
Credits:		
Payments on account of principal since Dec. 15, 1922	66,709.19	
Interest thereon at 3 per cent to June 15, 1925	3,248.28	69,957.47
Total net indebtedness as of June 15, 1925		62,857,112.39
To be paid in cash upon execution of agreement		7,112.39
Total indebtedness to be funded into bonds		62,850,000.00

SEC. 3. The principal of the bonds shall be paid in annual installments on June 15 of each year up to and including June 15, 1987, on a fixed schedule subject to the right of the Kingdom of the Serbs, Croats, and Slovenes to postpone such payments falling due after June 15, 1937, for two years, such postponed payment to bear interest at the rate of 4½ per cent per annum. The amount of the annual principal installments during the first five years shall be \$200,000. Commencing with the sixth year the annual principal installment shall increase \$25,000 a year for the succeeding seven years. Commencing with the thirteenth year the annual principal installment will be \$400,000, the subsequent annual principal installments increasing until in the sixty-second year of the debt funding period the final principal installments shall be \$2,406,000, the aggregate principal installments being equal to the total principal of the indebtedness to be funded into bonds.

SEC. 4. The Kingdom of the Serbs, Croats, and Slovenes shall have the right to pay off additional amounts of principal of the bonds on June 15 and December 15 in any year.

SEC. 5. The bonds to be issued shall bear no interest until June 15, 1937, and thereafter shall bear interest at the rate of one-eighth of 1 per cent per annum from June 15, 1937, to June 15, 1940; at the rate of one-half of 1 per cent per annum from June 15, 1940, to June 15, 1954; at the rate of 1 per cent per annum from June 15, 1954, to June 15, 1957; at the rate of 2 per cent per annum from June 15, 1957, to June 15, 1960, and at the rate of 3½ per cent per annum after June 15, 1960, all payable semiannually on June 15 and December 15 of each year, until the principal thereof shall have been paid.

SEC. 6. Any payment of interest or principal may be made at the option of the Kingdom of the Serbs, Croats, and Slovenes in any United States Government obligations issued after April 6, 1917, such obligations to be taken at par and accrued interest.

Mr. GREEN of Iowa. Mr. Speaker, this bill was unanimously reported by the Committee on Ways and Means. It was favorably reported at the last session and passed the House at the last session, and, so far as I know, there is no particular

opposition to it. It was also favorably reported by the Senate Finance Committee, but was lost in the Senate filibuster, otherwise it would be a law by this time.

I can not explain the provisions of the bill any more particularly than they are explained by the bill itself. The amount of the indebtedness as funded is fixed at \$62,850,000, of which fifty-one million and odd dollars represents principal and eleven million and odd dollars represents interest. The total payments to be made to us are \$95,177,635. On a 4½ per cent basis the present value of these payments is \$20,236,000, or about 32 per cent of the debt funded. On a 3 per cent basis the value is \$30,286,000, or about 50 per cent.

This Kingdom is one of the poorest countries we have had anything to do with. The gentleman from Georgia [Mr. CRISP], who is a member of the Debt Commission and is very familiar with this, I think, can explain the details possibly a little better than I can.

Mr. BLANTON. Would the gentleman mind answering a question?

Mr. GREEN of Iowa. Not at all, but I think possibly the gentleman should ask his question of the gentleman from Georgia.

Mr. BLANTON. I should like to ask it of the chairman of the committee. This Congress gave the Government of France one of the most liberal and generous settlements that one country could be expected to give another. Does the gentleman know of one single act the French Government has ever taken toward ratifying that debt settlement?

Mr. GREEN of Iowa. No; I do not.

Mr. BLANTON. What are we going to do about it? Are we going to continue to let her float her loans in this country and continue taking good American money over to France or are we going to stop such transactions?

Mr. GREEN of Iowa. I can not answer that question, because I do not control those matters.

Mr. BLANTON. But the gentleman could do this: The gentleman could pass the resolution that I have had pending before his committee for a long time, to stop the cashing of French bonds or the flotation of such loans in this country until France does ratify the debt settlement we made with her.

Mr. GREEN of Iowa. I could if I had sufficient votes, but I have some doubt about that.

Mr. BLANTON. If the gentleman would pass that resolution and stop France from getting new money in this country, I think she would then do something quickly about this settlement.

Mr. GREEN of Iowa. Possibly, but that is not before the House.

The country involved in this bill is a very poor country and is ready to settle.

I now yield to the gentleman from Georgia [Mr. CRISP].

Mr. CRISP. Mr. Speaker and gentlemen of the House, as a member of the Debt Commission before it went out of existence, I agreed to this settlement. It is a very generous settlement on the part of the United States, but in my opinion the settlement represents the full capacity of Yugoslavia to pay its indebtedness to the United States.

As you know, the Yugoslavian Kingdom was set up as a result of the war. It is the old Kingdom of Serbia with new territory added to it. During the war we advanced to Serbia approximately \$25,000,000 in cash and about \$30,000,000 in war supplies. Serbia was fighting with the Allies. Serbia was overrun by the armies of Germany three times, and there was greater devastation in Serbia and the territory now embracing Yugoslavia than any of the European countries.

It has about 50,000,000 acres of land and 30 per cent of it is in forest. A very small part of the land, owing to the mountainous character of the kingdom, is arable. Yugoslavia has practically no industries. Only 5 per cent of her population are engaged in industrial activities, the rest being engaged in agricultural pursuits. They barely make enough crops to feed themselves, and Yugoslavia has to import a great part of her food supplies consumed by her citizens residing in the cities.

The railroads were practically all destroyed during the war, with the bridges and culverts destroyed, and up until now they have not been permanently repaired, although there have been some temporary repairs. About the only fund Serbia has had for this purpose is from reparations from Germany, and the reparations were principally property in kind, railroad iron, cars, and things of that kind. Yugoslavia has received very little cash on account of the German reparations.

It was shown to the Debt Commission without doubt that Yugoslavia financially was the poorest off of any of our debtors; that the standard of living in Yugoslavia is lower than the standard of living of any other of our debtor class, and, of

course, this standard of living is not from choice but is from necessity.

Mr. LOWREY. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. LOWREY. What is the population of this country?

Mr. CRISP. The population is between 12,000,000 and 13,000,000 people.

Mr. GARNER of Texas. May I ask the gentleman a question?

Mr. CRISP. Yes.

Mr. GARNER of Texas. Does the report show what percentage of the total amount due this settlement represents?

Mr. CRISP. Reduced to present cash value?

Mr. GARNER of Texas. Yes; does the report show that?

Mr. CRISP. I think it does; but if it does not, I will answer the question.

Mr. GARNER of Texas. I wish the gentleman would do that.

Mr. CRISP. The total amount of the indebtedness funded, including the cash advanced and the war supplies furnished with interest up to the date of settlement, is \$62,850,000. If this settlement is complied with, the United States will receive back \$95,177,635.

Mr. MORTON D. HULL. How much of that is principal and how much is interest?

Mr. CRISP. We advanced in cash \$26,000,000 and the interest on that at 4½ per cent, to December, 1922, the date of settlement, was \$4,000,000, making the principal and interest under that item amount to approximately \$30,000,000. We advanced war supplies amounting to \$24,978,020 and the interest on that was \$3,358,000, making a total of \$28,336,811, including the principal and interest. The total amount of the debt, including principal and interest to date of settlement is \$62,850,000.

The SPEAKER. The time of the gentleman from Georgia has expired.

Mr. CRISP. Mr. Speaker, I ask unanimous consent that I may proceed for 10 minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GARNER of Texas. I just want to get into the RECORD—

Mr. CRISP. I will answer the gentleman's question right now. These payments are to be made over a period of 62 years. Reducing them to the present cash value, such value will, of course, depend on the rate of interest upon which the calculation is made, but if you put it on a rate of interest of 4½ per cent, the present cash value would amount to \$20,000,000, or 32 per cent of the debt funded. On a 3 per cent basis the present cash value would be \$30,000,000, or 59 per cent of the principal.

Mr. SCHAFER. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. SCHAFER. Were these amounts advanced for war supplies advanced prior to the end of the World War or were some of the advances made subsequent to the end of the World War?

Mr. CRISP. I am not absolutely sure, but I think some of them were made after the World War.

Mr. BURTON. If the gentleman will excuse me, I think I can answer that question. The advances in cash, prearmistice, were \$10,605,000; postarmistice \$15,454,000, just about in the proportion of three after the armistice and two before.

Mr. ARENTZ. Will the gentleman yield?

Mr. CRISP. Certainly.

Mr. ARENTZ. If I remember correctly, during the time of the discussion on the Italian debt settlement either the gentleman from Georgia or the gentleman from Ohio [Mr. BURTON] made the statement that the average wage in Italy was \$100 a year, the lowest living wage in the world with the exception of the Asiatic countries. Now the gentleman says that Yugoslavia is still lower in the standard of living than Italy. Is this true?

Mr. CRISP. Yes; when the Italian settlement was presented to the House, which was prior to this settlement, all the data and information obtained by the Debt Commission showed that the standard of living in Italy was the lowest of any country in Europe that we had dealt with, and I think that is true. This settlement came later, and while I personally have no first-hand information as to the standard of living, for I have never visited there, but when this settlement came up it was represented to the commission and conclusively proved that the standard of living of these people was lower than any other country in Europe. I am not speaking from first-hand information.

Mr. ARENTZ. Does the gentleman know what the average wage is in Yugoslavia?

Mr. CRISP. I did know, but I can not recall. I did not know this matter was coming up until a few moments ago. The settlement was made in January, 1926, and passed the House in May, 1926. I have not had time to refer to my files or to any documents connected with the settlement to refresh my memory at all. I have had many other matters on my mind since 1926, and I did not know until 12 o'clock to-day that this case was coming up.

As I stated, this is a very generous settlement on the part of the United States.

For the first 12 years no interest is to be paid. For the first five years Yugoslavia is to pay \$200,000 a year to the United States. For the seven succeeding years that \$200,000 is to be increased \$25,000 a year. Beginning in 1937, interest is to be paid at a nominal rate of one-eighth of 1 per cent, which is practically no interest. Then we increase from one-half to 1 per cent, and the last 27 years it is to bear 3 per cent interest. But when this settlement is carried out by Yugoslavia, I, as an American Congressman, will be indeed proud and delighted. If it is carried out the United States Government will get back all the principal for cash, war supplies, and about \$11,000,000 interest in addition.

This settlement was based on the same basis as all the other settlements made by the Debt Commission on the capacity of the nation to pay.

Now I believe that every individual and every nation should meet by paying 100 cents on the dollar and interest, every moral and legal obligation if it is able to do so.

The only excuse for compromising a moral or legal obligation is the incapacity or inability to pay in full. Many honorable people owing just legal debts are unable to pay in full; they do the best they can to make a compromise, and any business house, whether individual or corporate, if they have an insolvent debt where they can not collect 100 cents they collect what they can. A half a loaf is better than no loaf. This common sense, hard-headed business rule was followed by the Debt Commission. In my opinion, the validity of the international contracts and international obligations should remain sacred and settlement had on the capacity of the debtor nation to pay. The commission was of the opinion that this settlement represented the full maximum capacity of Yugoslavia to pay, and as a member of the commission I agreed to it, and as a Member of this House I am supporting it, for I think the settlement considering all the facts and equities—the loans were not made for commercial purposes but to aid in carrying on a mutual war—reflect credit on the United States and Yugoslavia.

Mr. GREEN of Iowa. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. GREEN of Iowa. In view of the poverty of this country, in view of the fact that it was so completely ravaged, being almost from one end to the other a battle ground during the war, with very little resources, and those largely taken away from it, and in view of the further fact that we all know its recovery is necessarily very slow, because it has practically no industrial concerns, does not the gentleman think that we would be very fortunate if we get this sum in full?

Mr. CRISP. Unquestionably. I expressed the thought that I would be delighted if we collected from Yugoslavia the amounts provided for in this settlement.

Mr. GARNER of Texas. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. GARNER of Texas. In view of all of the circumstances I am surprised that you got as advantageous a settlement out of Yugoslavia as you have related. As I understand it, the percentage they pay is a higher percentage of what they owe the United States than Italy pays.

Mr. CRISP. On the percentage based on similar rates of interest, I think the Italian settlement was about 30 per cent and this is 59 per cent, that is, on a 4½ per cent basis, and on a 3 per cent basis it is 32 per cent higher than the Italian settlement.

Mr. BURTON. Mr. Speaker, I am somewhat in the position of the theological professor who was asked some questions about the atonement. He said, "In the sixth volume of my works, on page 450, you will find out all about that." The student replied that he had examined that statement, and that it was not entirely clear. The professor then said, "Well, those are the best views that I have on the subject."

If anyone wishes to refer to this subject more fully, I refer him to page 10737 of the CONGRESSIONAL RECORD for the last Congress, in a discussion had at that time on June 4, 1926.

There is very little to add to what Mr. CRISP and Mr. GREEN of Iowa have so excellently said. Some of the figures I shall



try to make a little more clear, but I do wish to review very briefly the policy of the Debt Commission.

The first rule was that the principal of the debts should be paid in full. Second, that in the payment of that principal, the utmost leniency, compatible with that which is right as between the parties, should be exercised in the rates of interest and the time for payment. The time for payment was fixed at 62 years in the settlements made. The third point was that the capacity of the country to pay should be taken into account. The question has been raised here as to why the Kingdom of the Serbs, Croats, and Slovenes—Yugoslavia—should not have been treated quite so favorably as Italy. If you figure on the basis of four and a quarter per cent, Italy pays 26 per cent in her payments, while Yugoslavia pays 32. For that discrimination, if you may call it such, there are two reasons. In the first place, the debt of Yugoslavia is very much smaller than that of Italy. The principal sum of the debt of Yugoslavia, prior to funding, was figured at \$66,164,000, while that of Italy was \$2,150,000,000—thirty-two times as great. The per capita debt of Italy is very much larger than the per capita debt of Yugoslavia; but there is another reason more compelling, and that is a very large share of the loans and advances made to Yugoslavia was after the armistice. Whenever anyone criticizes our settlements with foreign countries I wish that he who answers would emphasize the fact that a large share of the loans and advances were made after the armistice, when threat of war was very remote. The amount in money advanced to Yugoslavia, or the Kingdom of the Serbs, Croats, and Slovenes, was \$10,605,000 before the armistice, which was the virtual close of the war. After that the advances amounted to \$15,454,000, so that the proportion of advances after the war was as one and one-half to one. Then, again, the value of surplus supplies, largely for food and clothing—it was not so largely for military supplies—and that mostly after the armistice, amounted to about \$25,000,000, making in all approximately \$51,000,000 of principal, and the interest up to June 15, 1925, makes in all \$62,850,000.

Before leaving this subject I desire to answer the argument that is made in Europe and is made perhaps even with a louder note in our own country, about the manner in which we have treated our foreign debtors. I say here, and I have said everywhere, that any accusation of severity against the United States is entirely unwarranted. We were actuated by the principles of generosity in the settlements of our debts with all of these countries. Let us look at the settlement of Yugoslavia for a minute. The principal sum, computed as of June 15, 1925, after the payment of the trivial amount of \$7,000 and a little over, is, as I said, \$62,850,000. The payment begins at only \$200,000 a year, without any charge for interest whatever. At the end of five years there is an increase to \$225,000, then to \$250,000, then to \$275,000, and then to \$300,000, and the final payment of principal in 1987 is \$2,406,000. No interest is charged until June 15, 1937. Thereafter it is one-eighth of 1 per cent from 1937 to 1940. Then one-half of 1 per cent, rising by gradation through 1 per cent and 2 per cent, finally to 3½ per cent from 1960 to 1987.

Let me call your attention to the total expenditures of the Kingdom of the Serbs, Croats, and Slovenes, and how large a burden it is on them. The total annual expenditures, according to the last available statement, amount to about 10,000,000,000 dinars, as they are called. The nominal par value of the dinar is the same as that of the French franc, 19.3 cents, but the present gold value is less than one-tenth of that.

At the depreciated rate of exchange the total annual expenses amount in gold value to approximately \$180,000,000, and of that we are asking them for the first five years an annual payment of only \$200,000, and the last and largest payment, without the computation of interest, is \$2,406,000. Interest will be \$84,210. Is that unduly severe? Note how very small a percentage of their total expenses must be paid to us.

Now, I want to make another comparison. They are expending to-day in the way of military expenses \$36,000,000 a year for the maintenance of their military establishment, gold value. The amount computed in dinars is 1,956,000,000, or close to 2,000,000,000 dinars, of the gold value of \$36,000,000, as against this payment of \$200,000.

Now, when a careful survey is made of the situation, it is apparent that the accusations made here and abroad against the United States are utterly incorrect and should fall to the ground.

Mr. ABERNETHY. Mr. Speaker, will the gentleman yield there?

Mr. BURTON. Yes.

Mr. ABERNETHY. Would the gentleman care to give us his views as to the status or prospect of getting anything out of the French Government on account of our loans to it?

Mr. BURTON. I would not want to go into that. I think their feeling is that they must first stabilize the franc. Of course, there is a very strong sentiment in France opposed to the settlement on the basis adopted here in the House and approved by the French ambassador and their cabinet. But I am hopeful of a settlement and the acceptance of the terms we made.

Mr. BRAND of Georgia. Mr. Speaker, will the gentleman yield?

Mr. BURTON. Yes.

Mr. BRAND of Georgia. Does this settlement include loans made subsequent to the armistice?

Mr. BURTON. Yes.

Mr. BRAND of Georgia. Did the settlements heretofore made with creditor nations include the loans made to them since the armistice?

Mr. BURTON. In the case of this country, yes. All these claims are included.

Mr. BRAND of Georgia. All of them?

Mr. BURTON. Yes; all of them.

Mr. GIFFORD. Mr. Speaker, will the gentleman yield?

Mr. BURTON. Yes.

Mr. GIFFORD. Some of us under the questioning of our constituents find it easy to say that we had a splendid commission, and that they regarded the capacity of the debtor country to pay. I hope the gentleman will tell us this morning how we can explain the application of a 62-year yardstick to every country, whether it is small or large. I sometimes find myself asking myself in a spirit of ridicule questions in relation to this 62 years.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. GIFFORD. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for three minutes more.

Mr. LAGUARDIA. Make it five minutes.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman is recognized for five minutes more.

Mr. BURTON. The first settlement that was discussed elaborately was that with England. On the marshaling of figures so that the payments would have some degree of equality in the aggregate or total of principal and interest each year, as, for example, 3 per cent in the first 10 years and then 3½ per cent, it was found that if you make the aggregate of principal and interest equal, 62 years' time would be required.

That was the reason; also with the thought of giving plenty of time for payment, 62 years was fixed upon in the settlement with England. It was thought that in the settlement with other countries the same time should be adopted. Of course, the gentleman from Massachusetts will recognize that the interest is diminished each year by the payment of principal, though there is an increase by the change from 3 per cent to 3½ per cent. On the other hand, payments of principal increase. I believe that the settlement with Finland was the next settlement after that made with Great Britain.

Mr. GIFFORD. In determining the capacity of the country to pay, it seems hard for people to understand that the capacity to pay should be measured exactly by the 62-year limit.

Mr. BURTON. I do not think the period was fixed with the idea entirely of the capacity to pay; but the capacity of the debtor country to pay was carefully taken into consideration. The long period is in part explained under the other fact I mentioned, namely, that this country should show the greatest possible degree of leniency consistent with what was right and fair to the country with which we are dealing.

Mr. SHALLENBERGER. Mr. Speaker, will the gentleman yield there?

Mr. BURTON. Yes.

Mr. SHALLENBERGER. Will the gentleman include in his remarks a statement of just how much of the money and property we advanced to the people of Europe before the armistice, and how much was advanced after the armistice?

Mr. BURTON. Yes. I am exceedingly reluctant ever to ask to insert any remarks of my own in the Record, and I think I have never made a request on the floor of the House to that effect. But there is an address that I delivered in joint discussions with divers persons that is contained in the *Kiwanis Magazine*, giving the figures requested. Although it is contrary to my practice heretofore, I will ask unanimous consent to have that printed in the Record.

The SPEAKER. The gentleman from Ohio asks unanimous consent to insert in his remarks an article written or an address delivered by himself. Is there objection?

There was no objection.

Mr. BURTON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article written by myself:

#### INTERNATIONAL WAR DEBTS

From a moral standpoint, the action of a country which asks that loans made by it to other countries shall be repaid can not as a general proposition be criticized. It is a general rule not only in public but private transactions that obligations incurred must be met.

During the war there were numerous discussions and communications between the United States and the other governments in regard to the advances made. It is true that there were individual expressions in Congress when the subject of making loans to those nations who were termed "at war with the enemies of the United States" was under consideration to the effect that the question of payment was not material. We had entered the war; it was regarded as a life and death struggle between the United States and her allies on the one side and the Central Powers on the other. Nevertheless, responsible expressions of officials were all against cancellation; propositions made at Versailles that the expenses of the war be pooled were not received with favor; suggestions to the Treasury Department coming from foreign officials advocating a revision or cancellation were promptly rejected. Secretary of the Treasury Houston on March 1, 1920, and President Wilson, in his reply to a letter from Premier Lloyd-George, on November 3, 1920, unequivocally stated their opposition to any suggestion of cancellation, and the same reply was communicated by other officials of the United States Government. Action in Congress was all to the same effect.

At the very beginning of our participation in the war Premier Ribot, of France, when he heard it was proposed that we make an advance as a contribution, expressed the hope to our ambassador that no resolution would be introduced or debated in Congress tending to make a gift to the Government of France from the United States, however much the sentiment of good will prompting it might be appreciated by the French people. The French Minister of Finance suggested that 30 years should be the period for amortization or payment. Premier Poincaré also has frequently stated that France recognized the validity of their debt and intends to pay it. In the confusion following the war, and in view of the very serious financial embarrassment of our allies, no active measures were taken for collection, but it should be said that partial payments were made by certain nations.

#### WHY SHOULD THE UNITED STATES REQUIRE PAYMENT?

What are some of the reasons why the United States should require payment, at least to the extent of the capacity of her debtors? In the first place, there is the sanctity of international obligations, especially between governments. Distinct promises to pay were made by our debtors; the legislation authorizing advances to other countries contained provisions relating to rates of interest and relating to the disposition of the money when repaid. There is no argument that can be derived from the contemporaneous transactions which would lead to the belief that release or cancellation was contemplated. There is not only the sanctity of these obligations but the question may well be asked: Would it be best for the borrowing countries themselves if these debts should be repudiated? If later a great emergency should arise, it would be impossible for them to obtain the needed credit, either from the Government of the United States or from private individuals.

The second reason for repayment is that these loans to foreign governments were not made from current funds or from an overflowing Treasury but the amounts were obtained by borrowing from our own people. An intensive campaign was conducted to obtain money for our own participation in the war and for these loans to our allies, with certainly a general understanding that the amounts would be repaid. Thus there is this very important phase of the situation—the Government of the United States is a trustee for the American people. Anyone who advocates the cancellation of these debts, and is thoroughly sincere, should bring his bonds to the Treasury and give them up for the benefit of the persons who subscribed these vast sums for loans to our allies. In the next place, rich as we are and enjoying as we do now the most favorable conditions, our sacrifices proportionately were as great as those of any European country or any of our allies. If we are a fortunate nation now and the wonder of the world, we were fortunate before the war. Our debt then was less than a billion of dollars. We expended \$35,000,000,000 in the prosecution of the war. We incurred a debt which at one time amounted to \$25,500,000,000. We have been paying \$800,000,000 of annual interest, and however much this burden may be diminished it will rest upon the American people with heavy weight for many years to come. As a direct result of the war, we expended \$492,000,000 in the fiscal year ended June 30, 1927, for the Veterans' Bureau, and propositions are now pending to increase that amount.

We were by no means in the same dangerous position as our allies. When we entered the war it was not as the result of a threat to our safety or of long-standing animosities with any country. We were detached in the New World. We were profiting by the furnishing of supplies to the combatants. We were not compelled to send our young men across the sea to be shot to death in the trenches. While our entrance into the war was precipitated by insults and by inter-

ference with our rights, which we could not tolerate, there was, nevertheless, a large element of altruism in our action, a desire for the perpetuation of popular institutions, and a feeling that our allies were in the right. On the other hand, if we consider the countries with which we joined in the contest, their very life was at stake. At one time the armies of the Central Powers advanced within 15 miles of Paris. If the Allies' armies had been defeated, the indemnities imposed upon them would no doubt have been far and away greater than the \$10,000,000,000 debt which they owe to us.

Again, let us take the results of the war. We have claimed no large reparations, no accessions of territory. Some of our allies have even multiplied their areas, and every one of them has been benefited by additional territory, which must mean in the future a position of greater power, as well as an enlargement of their trade and a very substantial source of wealth.

Last of all, let me say that if we forgive these debts the inevitable result will be an addition to the military equipment of Europe constituting a threat to the peace of the world, and if there is one thing in which we hope for leadership among the nations, it is for an abatement of military armament and the promise of cooperation and peace in the world. The efforts which have been made for a reduction or limitation of naval equipment and of armed forces have unfortunately disappointed expectations. Really the only practical success in diminishing armament was at the Washington conference of 1921-22. At this writing in August, 1927, it seems almost certain that the Conference for Limitation of Naval Armament now pending between the United States, Great Britain, and Japan will result in failure. Is it not worthy of our consideration that the countries which are indebted to us are spending sums far greater for military purposes than they must devote to payments on their war debts? Of this, however, I will speak later.

#### THE HISTORY OF THE DEBTS

The facts relating to the settlements with Europe should by this time be familiar to all, though it is surprising to note how widespread is the ignorance upon this subject. It will be profitable to survey the history of these debts. They were authorized by legislation in April, 1917, the month in which we entered the war, and by later statutes. The Secretary of the Treasury, with the approval of the President, was authorized to make loans or advances to countries "at war with the enemies of the United States." There were later statutes increasing the amount authorized to be loaned; also for the sale of surplus supplies and for assistance in supplying food and other necessities. Approximately \$10,340,000,000 was loaned or advanced to our debtors—20 in number. Two of these—Armenia, to which \$12,000,000 was advanced, has no government with which we can deal; Russia, to which an advance of \$192,000,000 was made, repudiates the debt. In view of the poverty of Austria, payment of the \$24,000,000 which was advanced to her has been postponed until 1943. Liberia, to which a trivial sum was advanced, has paid, and so has Cuba.

#### DEBT COMMISSION APPOINTED TO STUDY FACTS

In February, 1922, a debt commission of five members was organized by act of Congress, to which three members were added in the following year, with a view to making it nonpartisan. I do not desire to enter into any elaborate defense of the Debt Commission, officially designated as the World War Foreign Debt Commission, which originally included the Secretary of the Treasury, Mr. Mellon, chairman; Mr. Hughes, then Secretary of State; afterwards his successor, Mr. Kellogg; Mr. Hoover, Secretary of Commerce; Senator Smoot; and the writer of this article, to which were later added another Member of the House, Mr. Crisp, of Georgia; former Representative Olney, of Massachusetts; and Mr. Edward N. Hurley, of Chicago. It must be said, however, that the commission gave the most careful study to this subject for four years. They held long consultations with leading experts of Europe, including the present Prime Minister of England and the governor of the Bank of England, financial ministers, and prominent representatives of other foreign countries, and our own diplomatic officials and the representatives of the Treasury and Commerce Departments. The financial status of each country with which we dealt was considered. It would be quite impossible for another commission or for any private organization, however competent the members might be, to give the careful consideration to the capacity for payment of foreign countries that was given by the commission during the more than four years in which it functioned.

#### FUNDAMENTAL PRINCIPLES OF COMMISSION

That commission at a very early date laid down three fundamental principles: First, that the principal sum of the debts should be paid; second, that the greatest possible leniency should be shown in rates of interest and time for payment (62 years was the period fixed); third, that in determining terms as to time for payment of the principal and rates of interest "capacity to pay" should be taken into account. The legislation at first provided that the interest on all loans should be not less than 4½ per cent and that payment should be made in 25 years. The commission very substantially departed from this first mandate of Congress by more lenient treatment to all the debtors. It was made necessary that the settlements made by the commission should be first approved by the President and next by both Houses of



Congress. Settlements have been negotiated by the commission with all countries, excepting with Greece and with Armenia and Russia mentioned above, and all these settlements have been ratified except that the Senate has not approved the agreement with Yugoslavia, though it is evident approval will be given at an early date, and neither the Senate nor France has approved the settlement with that country negotiated by her ambassador and approved by the French cabinet.

The criterion of "capacity to pay" adopted by the commission has been criticized. Can anyone suggest a more just or better standard? What other rule is adopted in transactions between private creditors and debtors? Would it be reasonable to seek to enforce a uniform rule under which, for example, Austria, one of the poorest countries in Europe, should be subject to the same terms as Great Britain, with an income of a billion dollars a year or more from foreign investments?

#### COMMISSION WAS LENIENT IN SETTLEMENTS

The commission was most lenient in its settlement with foreign countries, and taking as a basis the rate of interest which we have been paying upon our own obligations,  $4\frac{1}{4}$  per cent, we canceled or abated 75 per cent of the debt of Italy, 53 per cent of the debt of France, an average of 58 per cent of the debts of all the countries on the Continent of Europe, and 20 per cent of the debt of Great Britain. Among those who favor revision there has been an almost universal note. They have said, "We do not favor the entire cancellation of the debts, but we do favor a reconsideration and a revision." What proportion would they cancel, and would they make the percentage of cancellation equal for all countries? A very singular feature of the situation is that payments approaching a billion of dollars have been made by our foreign debtors in accordance with settlements made by the Debt Commission; that no demand has been made by any prime minister, finance minister, or responsible official for a revision of the settlements made; payments have been made as they have fallen due and there is every indication that those who owe us regard these settlements as final. But in our own country there is an agitation, not so much for cancellation but, it is alleged, for revision. The exact terms of the revision are not specified, but like many movements which have as their basis mere generalities, this demand has gained considerable following. If it were not for the agitation in the United States there is every probability that France would have agreed upon the settlement proposed long before this.

#### BURDEN CAN HARDLY BE CALLED CRUSHING

It is said that the burden is a crushing one for the countries involved. If we consider this question from the standpoint of the share of the revenues which must be applied in payment of these debts, several countries show startling results. For the first five years six-tenths of 1 per cent, or about one one-hundred sixtieth part of the total revenue of Italy is applied in payments to us; in Czechoslovakia, for a long period it is almost exactly 1 per cent, or one one-hundredth part of their total revenue. It is true that France, if the settlement with that country is ratified, and Great Britain pay a substantially larger proportion of their revenues. The greatest credit is due to Great Britain, for with a desire to maintain their credit unimpaired the British have sought to pay their obligations to us and have taken advantage of none of the options they have for making the burden lighter.

The payments of most countries under the settlements made increase in the passing years, and this is based upon confidence that conditions in Europe will improve. Nearly three-fourths of the earlier payments are made by Great Britain. The aggregate amount of principal and interest to be paid by all countries is \$210,000,000 in 1927, increasing to \$217,000,000 in 1930, and to \$300,000,000 in 1935.

#### COMPARISON OF INDEBTEDNESS AND FOREIGN MILITARY EXPENSES

Let us make another comparison—the amount of indebtedness to us as compared with the military expenses of the various countries of Europe. In France in the last year for which figures are available, appropriations for military purposes (and there are no doubt extras) were 5,169,000,000 francs; according to the present rates of exchange, say about \$200,000,000. As against this amount it is proposed that France pay \$30,000,000 to us in the first year, increasing to \$35,000,000 in the fifth year, these amounts to apply on principal and no interest to be charged until the beginning of the sixth year. Great Britain has military expenses aggregating \$582,000,000 per year, or about three and one-half times what they are paying to us, although her payments are by far the largest. Her increase in military expenses over pre-war

times in 1914 is about \$200,000,000 annually, or \$40,000,000 more than they are paying to us. Czechoslovakia, a country of about 12,000,000 people, maintains a standing army of 150,000 men. The appropriation for national defense for 1926 was approximately \$50,000,000. All that country is paying to us for 18 years is \$3,000,000 per annum; that is, in 18 years she will be paying to us on debts but \$4,000,000 more than her military expenses for one year. The annual military expense of Rumania is \$27,000,000. Their total debt to us is about \$44,590,000, so that in less than two years their military expenses would enable them to have a "clean slate" as to their indebtedness to the United States.

#### INVISIBLE BALANCES BETWEEN COUNTRIES

It has been said that the only manner in which the debts can be paid is by an excess of merchandise exports to this country. This statement, which is less than a half truth, overlooks the so-called invisible balances between countries. In the year 1925 American tourists spent in Europe at least \$370,000,000, of which \$225,000,000 was spent in France alone. This amount expended in France is seven and one-half times as much as the first payment that she must make to us according to the proposed settlement. The estimated expenses of tourists in 1926 were even larger than in 1925. A very considerable amount is being sent abroad also by immigrants each year; the estimate is about \$200,000,000. The amount received in England from gold mines of South Africa is another illustration of the ability of countries to pay otherwise than by excess of exports of goods. The total of bullion and coin received in England from South Africa in 1926 was \$153,240,012, and in 1927, \$124,347,597.

#### TARIFF BARRIERS NO ARGUMENT

It is said that tariff barriers against Europe increase the difficulty of their payment. Have we failed to increase our purchases from foreign countries since the commission commenced its work? If you compare the year 1926 with the year 1922, the date of the passage of the present tariff law, we imported in the later year (1926) from European countries and their dependencies \$1,308,000,000 more than in the earlier year (1922), an increase of 92 per cent. On the other hand, our exports in the same period to those countries only increased by 22 per cent.

#### GOOD SHARE OF DEBTS INCURRED AFTER THE ARMISTICE

One very important fact is overlooked, and that is that a good share of these debts, three-tenths at least, was incurred after the armistice, and thus after the threat of war was removed. Indeed, out of the 13 nations with which the Debt Commission has made settlements only 5—Great Britain, France, Italy, Belgium, and Yugoslavia—borrowed from us before the armistice. The amounts advanced after the armistice were largely for rehabilitation and for improvement. Certainly no one can fairly claim that this postarmistice debt should be placed on the same footing with the rest or that it should be repudiated. Let us cite an illustration of the condition created by this fact: France, which is hesitating to ratify the agreement made by her ambassador and approved by her cabinet, received \$1,970,000,000 before the armistice of November 11, 1918, a good share of which was not for munitions or for the prosecution of the war. She received \$1,370,000,000 after the armistice. The proportion between the two is about that of 3:2. If interest were to be computed on the postarmistice advances of \$1,370,000,000 at 5 per cent, which is a low rate in Europe at this time, the present worth would almost exactly equal the amount that it is proposed France shall pay. In addition, it must be stated that part of this postarmistice amount was for supplies sold to France, and, presumably, part of these supplies at least were resold at a profit. The amount to be paid for such supplies was \$407,000,000, on which they are now paying 5 per cent interest, with a promise to pay the principal in 1929. The amount that they must pay in 1929 is greater than their total payments for nine years under the debt settlement.

#### REPUDIATION WILL NOT BRING RESTORATION

I have thus given many facts and figures, because they are necessary for an adequate understanding of the situation. The road to rejuvenation of Europe is not by the releasing of these debts. It depends upon the burying of their hatreds, removing asperities, the creation of a spirit of peace and good will, more favorable trade arrangements. Such is the path to prosperity and a better Europe. The future is within their own control; restoration will not result from the repudiation of their obligations.

#### SUPPLEMENT NO.

Statement showing principal amount of prearmistice and postarmistice indebtedness of foreign governments to the United States

Country	Prearmistice cash loans	Postarmistice			Total indebtedness
		Cash loans	War supplies and relief supplies	Total	
Armenia.....			\$11,959,917.49	\$11,959,917.49	\$11,959,917.49
Austria.....			24,055,708.92	24,055,708.92	24,055,708.92
Belgium.....	\$171,780,000.00	\$177,434,467.89	29,872,732.54	207,307,200.43	379,087,200.43
Cuba.....	10,000,000.00				10,000,000.00
Czechoslovakia.....		61,974,041.10	29,905,629.93	91,879,671.03	91,879,671.03
Estonia.....			13,999,145.60	13,999,145.60	13,999,145.60

Statement showing principal amount of prearmistice and postarmistice indebtedness of foreign governments to the United States—Continued

Country	Prearmistice cash loans	Postarmistice			Total indebtedness
		Cash loans	War supplies and relief supplies	Total	
Finland.....			\$8,281,926.17	\$8,281,926.17	\$8,281,926.17
France.....	\$1,970,000,000.00	\$1,027,477,800.00	407,341,145.01	1,434,818,945.01	3,404,818,945.01
Great Britain.....	3,696,000,000.00	581,000,000.00		581,000,000.00	4,277,000,000.00
Greece.....		15,000,000.00		15,000,000.00	15,000,000.00
Hungary.....			1,685,835.61	1,685,835.61	1,685,835.61
Italy.....	1,031,000,000.00	617,034,050.90		617,034,050.90	1,648,034,050.90
Latvia.....			5,132,287.14	5,132,287.14	5,132,287.14
Liberia.....		26,000.00		26,000.00	26,000.00
Lithuania.....			4,981,628.03	4,981,628.03	4,981,628.03
Nicaragua.....			431,849.14	431,849.14	431,849.14
Poland.....			159,666,972.39	159,666,972.39	159,666,972.39
Rumania.....		25,000,000.00	12,922,675.42	37,922,675.42	37,922,675.42
Russia.....	187,729,750.00	4,871,547.37		4,871,547.37	192,601,297.37
Yugoslavia.....	10,605,000.00	16,175,465.56	24,978,020.99	41,153,486.55	51,758,486.55
Total.....	7,077,114,750.00	2,521,121,825.45	740,087,021.75	3,261,208,847.20	10,338,323,597.20

## SUPPLEMENT No. 2

Statement showing principal amount of indebtedness of foreign governments to the United States, interest accrued and unpaid thereon up to and including the last interest period prior to February 1, 1928, and payments received to date on account of principal and interest

The first division shows total payments made, including those under settlements made by the World War Foreign Debt Commission; the second division shows only payments under settlements made by the World War Foreign Debt Commission]

Country	Principal (net)	Accrued interest	Total indebtedness	Principal payments	Interest payments
Armenia.....	\$11,959,917.49	\$4,760,523.86	\$16,720,441.35		
Austria.....	24,055,708.92	10,163,397.78	34,219,106.70		
Belgium.....	413,580,000.00		413,580,000.00	\$6,257,630.37	\$23,408,642.87
Cuba.....				10,000,000.00	2,286,751.68
Czechoslovakia.....	177,571,023.07		177,571,023.07	7,500,000.00	304,178.09
Estonia.....	13,830,000.00	\$1,805,822.13	15,635,822.13		251,441.88
Finland.....	8,764,000.00		8,764,000.00	236,000.00	1,645,575.27
France.....	4,025,000,000.00		4,025,000,000.00	\$74,333,209.02	\$272,303,945.94
Great Britain.....	4,480,000,000.00		4,480,000,000.00	322,181,641.56	1,040,876,657.11
Greece.....	15,000,000.00	4,500,000.00	19,500,000.00		1,159,153.34
Hungary.....	1,942,200.00		1,942,200.00	40,355.50	192,020.14
Italy.....	2,032,000,000.00		2,032,000,000.00	10,364,319.28	57,598,852.62
Latvia.....	5,775,000.00	\$729,103.10	6,504,103.10		260,828.95
Liberia.....				26,000.00	10,471.56
Lithuania.....	6,207,132.50		6,207,132.50	92,185.00	371,421.71
Nicaragua.....	290,627.99	8,500.00	299,127.99	141,221.15	27,561.98
Poland.....	178,560,000.00	\$22,014,461.25	200,574,461.25		6,548,224.28
Rumania.....	66,060,560.43		66,060,560.43	2,298,632.02	263,313.74
Russia.....	192,601,297.37	87,596,004.57	280,197,301.94		\$8,734,323.98
Yugoslavia.....	62,450,000.00		62,450,000.00	1,120,600.16	636,059.14
Total.....	11,715,647,467.77	131,517,812.69	11,847,165,280.46	434,591,794.06	1,416,879,424.18

## FUNDED INDEBTEDNESS INCLUDED IN ABOVE

Belgium.....	\$413,580,000.00		\$413,580,000.00	\$4,200,000.00	\$4,865,000.00
Czechoslovakia.....	177,571,023.07		177,571,023.07	7,500,000.00	
Estonia.....	13,830,000.00	\$1,805,822.13	15,635,822.13		250,000.00
Finland.....	8,764,000.00		8,764,000.00	236,000.00	1,336,290.00
France.....	4,025,000,000.00		4,025,000,000.00		
Great Britain.....	4,480,000,000.00		4,480,000,000.00	120,000,000.00	682,980,000.00
Hungary.....	1,942,200.00		1,942,200.00	40,355.50	191,267.10
Italy.....	2,032,000,000.00		2,032,000,000.00	10,000,000.00	
Latvia.....	5,775,000.00	\$729,103.10	6,504,103.10		130,000.00
Lithuania.....	6,207,132.50		6,207,132.50	92,185.00	369,874.74
Poland.....	178,560,000.00	\$22,014,461.25	200,574,461.25		4,500,000.00
Rumania.....	66,060,560.43		66,060,560.43	500,000.00	
Russia.....	192,601,297.37		192,601,297.37	400,000.00	
Yugoslavia.....	62,450,000.00		62,450,000.00		
Total.....	11,471,739,916.00	24,549,386.48	11,496,289,302.48	142,968,540.50	694,622,401.84

1 Time of payment of principal and interest extended to June 1, 1943, by authority of joint resolution of Congress approved Apr. 6, 1922.

2 Difference between principal of funded debt and amount here stated represents deferred payments provided for in the funding agreements, for which old bonds of the respective debtor governments have been or will be delivered to the Treasury.

3 Accrued and unpaid interest on funded debts due to exercise of options to pay specified amounts over first 5 years in lieu of total amounts due for which bonds similar to those originally issued under funding agreement will be given upon expiration of the option for the full amount then due.

4 Funding agreement not yet ratified by either France or the United States.

5 Upon ratification of the funding agreement, \$10,030,307.73 of this sum will be applied toward payment of the first annuities due thereunder.

6 Upon ratification of the debt agreement \$60,772,533.63 of this sum will be applied toward payment of the first annuities due thereunder.

7 Increase over amount funded due to exercise of options to pay one-half of interest due on original issue of bonds in bonds of debtor government.

8 Represents proceeds of liquidation of financial affairs of Russian Government in this country (copies of letter dated May 23, 1922, from the Secretary of State and of reply of the Secretary of the Treasury dated June 2, 1922, in regard to loans to Russian Government and liquidation of affairs of the latter in this country appear in the annual report of the Secretary of the Treasury for the fiscal year ended June 30, 1922, as Exhibit 79, p. 283, and in the Combined Annual Reports of the World War Foreign Debt Commission as Exhibit 2, p. 84).

Mr. SABATH. Mr. Speaker and gentlemen, as I have previously stated, this settlement with Yugoslavia has been recommended by the World War Foreign Debt Commission and favorably acted upon in the House, in the last session. But in view of the filibuster in the last session it failed of action in the Senate.

I wish the House to understand that it is not the most unfavorable settlement that we have made. In fact, this settlement is 6 per cent higher than the settlement with Italy.

And this, notwithstanding that Yugoslavia is one of the poorest nations in Europe.

The gentleman from New York in a measure explained how Yugoslavia was created. Yugoslavia has been created to bring

about tranquillity and peace in the Balkans. It is composed of the Provinces of North and South Serbia, Montenegro, Bosnia, Herzegovina, Dalmatia, Croatia, Slavonia, Medjemura, Slovenia, Vojvodina, and the islands of Krk (Veglia) and Kostave. Its area is equal to the States of Pennsylvania and New York combined. Most of these little States or countries were part and parcel of Austria-Hungary.

It is a purely agricultural country, and although rich in mineral resources, due to the unfortunate conditions under which these people lived for centuries past, they have been deprived of developing them.

Yugoslavia has been many times invaded and subjected to attacks from each and every side as no other nation and peoples



have been, and during the World War had suffered more than even poor Belgium.

These unfortunate people have striven hard to rehabilitate themselves and their lands, their little homes. I am obliged to concede that the living conditions of the people, as has been stated, are very low, but not through any fault of theirs, but due to the oppressive conditions under which they have lived. These people are all of the Slavic race, hard working, honest, and peaceful, and I am satisfied, notwithstanding what some gentleman has stated, that they will strive in every way possible to comply with the settlement.

These peoples, if left alone by the neighboring nations, within a few short years will greatly improve their condition, not only agriculturally but also industrially. It possesses tremendous deposits of valuable minerals, and as soon as they find a way for development they will become a prosperous nation.

It has been stated on the floor that a great deal of money has been actually advanced to these people, and some Members seem to believe that we actually advanced so much cash. I have been a member of the Foreign Affairs Committee during the World War, and I know they did not receive these sums in cash. Nearly the entire debt is for war supplies and food purchased in the United States, and most of it after the war when they purchased some of the surplus supplies and food that we could not sell to any one else for cash or to better advantage.

Mr. CRISP. Will the gentleman yield?

Mr. SABATH. I will.

Mr. CRISP. To keep the record straight, there was a credit of \$26,000,000 which they could draw as they saw fit. I think, as a matter of fact, it was spent in the United States, but the cash was available to them.

Mr. SABATH. I understand it was first credited to their account, but was used to pay for war supplies, shipped or purchased for them, by the then various purchasing divisions in the War Department. Personally, I regret that, due to conditions, we were obliged to accept the settlements that we have with our former allies. But I feel, after all, even a poor settlement is better than a rich suit; in these cases war.

It has always been my aim that we should retain the friendliest feeling with all the nations; therefore, I have advocated favorable settlements with our former allies, but, unfortunately, it seems that those who received the most advantageous and the greatest help appreciate it the least; but I repeat, such will not be the case with Yugoslavia.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. GREEN of Iowa, a motion to reconsider the vote whereby the bill was passed was laid on the table.

#### AUTHORIZING THE EXECUTION OF CERTAIN INDEMNITY AGREEMENTS TO ENABLE THE COLLECTION OF CERTAIN MONIES DUE THE TREASURY DEPARTMENT

Mr. GREEN of Iowa. Mr. Speaker, I call up the bill (H. R. 10954) to authorize the Secretary of the Treasury to execute agreements of indemnity to the Union Trust Co., Providence, R. I., and the National Bank of Commerce, Philadelphia, Pa., and I ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. The Clerk will read the title of the bill.

The Clerk read the title, as follows:

A bill (H. R. 10954) to authorize the Secretary of the Treasury to execute agreements of indemnity to the Union Trust Co., Providence, R. I., and the National Bank of Commerce, Philadelphia, Pa.

The SPEAKER. The gentleman from Iowa asks unanimous consent that the bill be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized to execute, in the name of the United States, and deliver to (1) the Union Trust Co., Providence, R. I., upon receipt from such trust company of \$1,806, and (2) the National Bank of Commerce, Philadelphia, Pa., upon receipt from such bank of \$16,676.71, an agreement of indemnity binding the United States to make reimbursement to such banking institutions upon condition that such banking institutions are required to make payment to bona fide holders upon presentation of check No. 358, in the amount of \$1,806, drawn by Evarista Larravee, 50 Seymour Street, Providence, R. I., on the Union Trust Co., Providence, R. I., certified by such trust company, payee believed to be Bureau of Supplies and Accounts, Navy Department, dated between June 1 and August 29, 1922; and check No. 1000 in the amount of \$16,676.71 drawn by Levin, Deluge & Kerschbaum, 35 South Third

Street, Philadelphia, Pa., on the National Bank of Commerce, Philadelphia, Pa., certified by such bank, name of payee not ascertainable, date believed to be in calendar year 1921 or 1922.

Mr. GREEN of Iowa. Mr. Speaker and gentlemen, this bill involves a very simple matter. In 1921 and 1922 the Government sold merchandise (surplus property) for \$18,000 to the parties named in the bill. They issued certified checks for the amount due the Government, and they were duly delivered to the proper official of the Government; but in some manner, through some one's fault—I do not know who—the checks were lost. Now the Government can not collect them, because the banks say that unless they are given an indemnifying contract against the checks falling into the hands of innocent parties they will not make payment. The legal advisers have advised the Treasurer that it is doubtful whether they can compel payment without the indemnifying bonds. The whole purpose of the bill is to enable the Government to collect the \$18,000.

Mr. GARNER of Texas. This is the same bill that passed at the last session of Congress, is it not?

Mr. GREEN of Iowa. The same bill that was passed without deviation at the last session.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

#### LEAVE TO ADDRESS THE HOUSE

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that after the reading of the Journal on Monday, and the disposition of business on the Speaker's table, the gentleman from Virginia [Mr. MOORE] may be permitted to speak for 15 minutes.

The SPEAKER. The gentleman from Mississippi asks unanimous consent that after the reading of the Journal and the disposition of business on the Speaker's table on Monday next, the gentleman from Virginia [Mr. MOORE] be permitted to speak for 15 minutes. Is there objection?

There was no objection.

#### DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. SIMMONS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 11133) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1929, and for other purposes. Pending that I ask unanimous consent that the time for general debate be controlled equally by myself and the gentleman from New York [Mr. GRIFFIN].

The SPEAKER. The gentleman from Nebraska moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the District of Columbia appropriation bill, and pending that, asks unanimous consent that the time for general debate be controlled equally between himself and the gentleman from New York [Mr. GRIFFIN]. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Nebraska that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the District of Columbia appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the District of Columbia appropriation bill, with Mr. HOOPER in the chair.

The Clerk read the title of the bill.

Mr. SIMMONS. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SIMMONS. Mr. Chairman, I yield 30 minutes to the gentleman from Illinois [Mr. HOLADAY].

Mr. HOLADAY. Mr. Chairman and gentlemen, it is not my purpose to discuss the items of this bill from the standpoint of dollars and cents, as the money is appropriated to the various departments, but rather to speak to you about the general conditions existing in the District of Columbia. Under the arrangement that now exists Congress is, in the final analysis, responsible for the functioning of the municipal government in the District of Columbia. The municipal affairs are administered by the commissioners and through the various heads of departments appointed by the commissioners, but as Congress passes final judgment upon the appropriations, we, therefore, in the final analysis, have the responsibility.

I am glad to be able to report to you that, in my opinion, as a member of the subcommittee, we are warranted in saying as a general proposition that the public affairs of the District of Columbia are being efficiently and economically administered. There are two or three exceptions to that report, which I purpose to call to your attention. In the remarks that I shall make criticizing some of the departments I do not want it understood that I am offering this criticism for any purpose save that some arrangement can be made and some steps may be taken to correct the evils or the mismanagement that may exist in certain departments. If we are responsible for those departments that are not functioning as they should, we are also entitled to credit for the departments that are satisfactorily functioning.

At the outset I call attention to a few of the departments where I believe the heads of those departments are entitled to public commendation for their good work. The fire department under Chief Watson is being efficiently and economically administered, so that the city of Washington is receiving adequate protection. The same may be said of the health department under Doctor Fowler, and I would especially call to your attention the position of District auditor. The present auditor, Mr. Donovan, appeals to me as an exceptionally faithful and competent public official. Recently there has been a change in the office of the corporation counsel. Some changes in the management and administration of that office have been made. While Mr. Bride, the present corporation counsel, has been in office only a short time, from the record that he has made during his term, I believe we are warranted in expecting better service from the office of corporation counsel than we have received in previous administrations. In the office of the assessor we have a man who is entitled to considerable credit, and a little further along in my remarks I shall call to your attention certain difficulties that the assessor of property in the District of Columbia encounters, certain influences that are brought to bear upon him, undertaken to cause him to deviate from the course of his duty. The various penal institutions under the direction of Doctor Barnard are operating in a capable manner. Captain Whitehurst, who is an aide to the engineer commission, in charge of highway improvement, has mapped out a plan that I believe is logical and feasible, and is pursuing the work in good faith. Major Atkins is also an assistant to the engineer commissioner, and he is in charge of the purchase of land. The same remarks that I make with reference to the assessor's office may be said with reference to Major Atkins and his office. Perhaps I might as well go into that now.

It appears to me that the great indoor sport in the city of Washington is selling property to the Government and to the District of Columbia at an exorbitant price. That system and policy has continued for a great many years, and it seems to be so well founded and has existed over such a great length of time that the public generally and the press of the city of Washington are never heard to object. At a previous session Congress placed a provision in the law that in the purchase of land for public use the purchase price could not exceed the assessed value by more than 25 per cent. The assessed value in the District of Columbia, according to the report of the board of trade and other agencies, is 100 cents on the dollar.

Major Atkins experiences great difficulty in purchasing land for public use, although he is succeeding and through his efforts and the provisions of the amendment thousands upon thousands of dollars have been saved to the District.

Now, what happens to the assessor? Here is a man or a company of men who, looking ahead and finding a location that may possibly be in demand by the Government, have secured options, or perhaps they have purchased it outright. They go to Mr. Richards, who is the assessor, and ask him to increase the assessment; and if you care to read the records you will find there the names of the men and the tracts of land involved where the owners have gone to the assessor's office and have asked to have their assessments increased; and one man went so far as to say to the assessor, "If you do not increase the assessment I will bring a Congressman down with me and we will see about it." Let it be said to the credit of the Congress that he never appeared with the Congressman. When Major Atkins goes out to buy land through some agent with whom he has agreed upon the price and the agent says to the owner, "I have a buyer; we are ready to close the deal; you can make the transfer to the Government or the District"—the owner says, "No; if you are selling to the Government, I am entitled to more money"; and the owner absolutely refuses to go through with his agreement, even though he may be liable for the commission to the real estate man.

These are the conditions that exist to-day and have existed for many years. But under the wise influence of the 25 per cent limitation the people are gradually being weaned away

from the idea that the Government and the District are legitimate public prey in the sale of land for public purposes.

The sewer division under Mr. Gordon is being well operated. I would not have you understand that in mentioning only a few of these public officials I am casting any reflections on those officials whom I have not mentioned. I believe, as I stated a moment ago, that with a very few exceptions the public officers and employees of the District government are faithfully discharging their duties. I am sorry to say that there are a few exceptions, and I want to call your attention to those exceptions.

The first department with which I have not been satisfied is the office of the municipal architect. It is not my purpose to go into details with reference to that office, as there is another committee of this House that is now investigating his office. I do not want to prejudice their work, and I presume that in due time they will report to this House, with recommendations as to what Congress should do, and as to what other agencies of the Government should do, should the facts warrant action by other agencies.

Let me call your attention to this specific instance: The District of Columbia is manufacturing brick at the Occoquan Workhouse. The evidence shows that brick can be delivered by the workhouse on the wharf at Washington for \$11 per thousand, or perhaps less. The evidence shows that with 2,000,000 brick on the yards at the workhouse the architect went to a private individual and purchased brick and paid \$18 per thousand; and when he was asked about that the only explanation he had was that he did not know those brick were there. But he is the municipal architect, responsible for this work, using from time to time brick from that yard. Even if he did not know that 2,000,000 brick were on the yard, it was possible for him to find out. That is his only excuse. Gentlemen, I am frank to say to you that I am not satisfied with that excuse.

Mr. EDWARDS. Mr. Chairman, will the gentleman yield there?

Mr. HOLADAY. Yes.

Mr. EDWARDS. Those brick the gentleman is referring to cost \$11 per thousand. Is that a prison-made brick?

Mr. HOLADAY. Yes; it is a prison-made brick. It is not sold on the public market, but it is used on the public buildings and for public use here in the District of Columbia, and they have been using it for some time.

Mr. RANKIN. Mr. Chairman, will the gentleman yield right there?

Mr. HOLADAY. Yes.

Mr. RANKIN. An article appeared in the Washington Star a few days ago which presented a situation which in my opinion ought to have the attention of Congress, and that is this: Right on the edge of the Capitol Grounds, where this new building has been erected, my information is that the District of Columbia has purchased that building for the purpose of making it a house of detention. Is the gentleman familiar with that situation?

Mr. HOLADAY. I am.

Mr. RANKIN. Please let us know what the District Committee has in mind to do with that?

Mr. HOLADAY. Leaving for a moment the discussion of the municipal architect, and answering the question of the gentleman from Mississippi, I will say that the present house of detention must be vacated by reason of the improvements to be made on the Mall. The commissioners are confronted with the proposition of securing a new location. They made some tentative arrangements with reference to the leasing for a year the new building that is about completed at the southwest corner of the Capitol Grounds. That lease has not been entirely consummated. The matter was presented to the committee after the bill was prepared by the subcommittee; and the chairman of the subcommittee, acting under the direction of the whole committee, was instructed to introduce from the floor an amendment expressly prohibiting the commissioners from leasing this building and using it for that purpose.

Mr. SIMMONS. Mr. Chairman, will the gentleman yield?

Mr. HOLADAY. Certainly.

Mr. SIMMONS. The bill as reported carries a proviso to the effect that the building shall not be used as a house of detention, or any building adjoining or close to the Capitol Grounds.

Mr. EDWARDS. That will not be located there?

Mr. HOLADAY. No; that will not be located there.

Now, gentlemen, coming back to the office of the municipal architect, if the only thing that was objectionable or that was suspicious about the conduct of that office was the mere fact of the purchase for \$18 per thousand of 2,000,000 brick, when \$11 brick were on the yard, we might accept his explanation



and say that it was an oversight or a matter of neglect. But, unfortunately, there are other charges that are being investigated by another committee which seem to indicate that in the buying of other brick the bid of the low bidder has not been accepted.

Mr. HOWARD of Oklahoma. Will the gentleman yield?

Mr. HOLADAY. I yield.

Mr. HOWARD of Oklahoma. Were the brick to which the gentleman refers face brick or common building brick?

Mr. HOLADAY. I think the bricks to which I refer, the 2,000,000 bricks, are common building bricks used for backing-up purposes.

Mr. SIMMONS. Will the gentleman yield?

Mr. HOLADAY. Yes.

Mr. SIMMONS. The bricks we are making at the jail are the bricks that are being used for school buildings. They are face brick.

Mr. HOLADAY. They are making both kinds down there and in these 2,000,000 bricks there are probably two kinds—face brick and common building brick. I am under the impression, although I do not have the exact figures, that a large part of the 2,000,000 in question were common bricks, but I do not have the exact figures.

Mr. HOWARD of Oklahoma. Does the gentleman know the mode of manufacture used in making the two different kinds of brick—that is, are they making dry pressed brick at Occoquan or are there two kinds of bricks being furnished, dry-pressed brick and what is known as stiff-mud brick, because there is a difference in price between stiff-mud brick and dry-pressed brick?

Mr. SIMMONS. Of course, I am not familiar with the technical terms, but these bricks, I should say, are dry-pressed bricks. These bricks are what are known as face bricks, but they are not glazed-face bricks or anything of that kind.

Mr. HOWARD of Oklahoma. Let me say to the gentleman that for about five or six years I was engaged in the manufacture of brick. As to common brick there should not be anything like the difference in price the gentleman has mentioned; but there is a material difference in the price of different kinds of face brick both in the mode of manufacture, colors, and so forth.

Mr. SIMMONS. The brick the District is making at Occoquan is brick you will find in practically all of the District's buildings that are being built with dark red brick, and this brick is used as face brick.

Mr. HOLADAY. Let me say to the gentleman, by way of explanation, that in the matter now being investigated with reference to the turning down of the low bidder the brick involved were not from the workhouse. The committee has made some changes in the office of the municipal architect which we think will better the service, and we are awaiting the report of this investigation, which goes into matters that are beyond the matters we were investigating.

There is another office in the District with which I am not satisfied, and I am not satisfied with the manner in which it is being operated. That is the office of the recorder of deeds. There the committee has made certain changes and we have had certain understandings with the present recorder which I hope will bring about more efficient and satisfactory service. If in another year it is found that conditions have not been changed or remedied, then it will be necessary to consider further steps with reference to the conduct of that office.

The third department to which I find objections is the public-school system of this District. We are spending annually for the public-school system in the District some \$12,500,000. I believe that on the whole we have a fairly efficient school system in the District. It, perhaps, will compare fairly favorably with the schools of other cities, but we are paying more in the District for our schools than other cities are paying. The statement is frequently made that we have the most expensive school system in the United States. As to whether that statement is warranted or not I am not in a position to say because no careful study has been made, but I am in a position to say that we are expending more for schools in the District of Columbia than is being spent in the average city.

Mr. MERRITT. Will the gentleman yield?

Mr. HOLADAY. Yes.

Mr. MERRITT. Are your figures based on the per capita cost?

Mr. HOLADAY. Yes; I refer to the per capita cost. Of course, the sum total would depend on the population of the various cities, but I am speaking of the per capita cost.

Mr. WHITEHEAD. Is the gentleman referring to the per capita cost of the school children, or what?

Mr. HOLADAY. Of the population or of the school population.

Mr. WHITEHEAD. The school population?

Mr. HOLADAY. Yes. In the long run it would be about the same thing. The only reason there can be for the condition that exists is inefficient management in our public schools. Let it be understood at the outset that what I may say with reference to the officials responsible for the administration of our school affairs that I except from that criticism Mr. Wilkinson, who is the head of the colored schools of this District. Mr. Wilkinson impressed me as a man who was absolutely fair and open with the committees; that he did not have anything to conceal; that he was making his recommendations fairly and openly and willing to stand by his judgment, but willing, if overruled, to adapt himself to the circumstances. Let me remark here that the District Commissioners are not responsible for the schools or for the recorder of deeds.

They are responsible for the conduct of the municipal architect's office, but they are not responsible for the other two departments about which objections are offered.

The schools are operated by a board of education appointed by the judges of the Supreme Court of the District. The members of this board, I believe, without exception, are high-class and responsible citizens. It is an honorary position without compensation, and I fear the condition exists here that frequently exists under an arrangement of this kind. The individual members of the board have not devoted as much time to the proposition as they should, and I do not say this by way of criticism, because they are devoting their time free of charge. And I also wonder if the board of education knows all of the details of the operation of the schools. I experienced great difficulty in securing accurate and complete information from Doctor Ballou, the superintendent of the schools.

Mr. CASEY. Will the gentleman yield?

Mr. HOLADAY. I yield to the gentleman.

Mr. CASEY. My colleague on the subcommittee has referred to the committee in these matters, and I would like to keep the record straight so that the Members of the House may understand that any expression he may make on these matters this afternoon is purely his own expression of opinion and that the gentleman does not speak for the committee.

Mr. HOLADAY. Yes. I want that understood. I want it understood that what I may say here with reference to these various departments is my individual opinion as a member of the committee. I believe it is my duty as a Representative of this House on the committee to report back to the House what I believe to be the conditions, and that is what I propose to do.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. SIMMONS. Mr. Chairman, I yield 10 additional minutes to the gentleman from Illinois.

Mr. HOLADAY. I am not going into the details of the objectionable points in the administration of our schools, except to say that the Bureau of Efficiency has made an exhaustive study of the school system. They have reported the facts and they have reported their conclusions and recommendations. Doctor Ballou, the superintendent of schools, did not, as I understand the situation, seriously object to their finding of facts. He did object to some of their conclusions and to some of their recommendations, although his objections to their recommendations were more largely concerned with the period within which their recommendations could be put into operation rather than to the objections themselves. This report is now in the hands of the board of education.

Let it be understood that in the report of the Bureau of Efficiency and in our investigation, and in my opinion, no evidence has been found of any dishonesty or any misuse of public funds except inefficient management, and the inefficient management goes largely to the business end of the administration.

They do not have a competent and a satisfactory business organization or business director, and as a result of this, public money has been wasted and we have not received as nearly 100 cents on the dollar for every dollar of public money expended as we should have received or as we will receive if there is a competent business organization of school affairs. This is being gone into by the board of education, and it is hoped that a competent business management, receiving a proper salary with a proper organization, may be effected at some date in the not far-distant future, and a considerable improvement made.

I have not been satisfied with the administration of school affairs from an educational standpoint, and yet I realize that it is a difficult matter for one who is not an educator to undertake to criticize the methods of the teaching administration. I can only do this from the standpoint of comparing the results here with the results in other cities.

The Bureau of Efficiency points out certain criticisms along this line. Doctor Ballou admits there is some merit in these

criticisms and that he is making efforts to remedy such conditions. Some changes will be made in the coming year, and he expects to make further changes in the years to come.

Gentlemen, on the whole I am happy to be able to say to you that I believe the affairs of the District of Columbia are being as efficiently and as economically administered as are the public affairs in other American cities. In making this statement I take considerable pride in the belief that Congress is entitled to view this record with some degree of satisfaction.

I am glad to have had this opportunity to utter a word of public praise for the officials who are so well doing their duty, and I hope that my words of criticism have been of a constructive nature and will lead to an improvement of service in all of the departments and branches to which I may have offered objections. [Applause.]

Mr. GRIFFIN. Mr. Chairman, I yield myself one minute in order to say on behalf of my colleague [Mr. CASEY] and myself that the gentleman who has just spoken merely expresses his own views. I want to say that in my opinion the school system of the city of Washington is one of the best in the country—economically and capably managed.

Mr. GRIFFIN. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. LINDSAY].

Mr. LINDSAY. Mr. Chairman, it is a heroic fate to die that others may live, and the noblest epitaph is that which says, "These honored dead shall not have died in vain." The sons of America have never hesitated to lay down their lives in the service of their country, and peace has its heroes as well as war.

A few weeks ago the Nation mourned the loss of the entire crew of the submarine S-4. Other submarines have been lost heretofore, but the circumstances of these men, entombed a scant 100 feet below the surface, hoping against their own knowledge of hopelessness, and perishing while speaking from their tomb, somehow made a strong impression on the mind of the Nation. The demand to know where the blame lay could not be ignored. Was there negligence? Are there any safety devices which should be utilized? These questions will be considered by a board to be convened soon. Their findings will have no effect on the crew of the S-4, and their contribution toward the prevention of future catastrophes remains to be demonstrated.

Last week my colleague Mr. FROTHINGHAM spoke in behalf of a resolution he has introduced and which he hopes to have approved, providing for the elimination of submarines by agreement among the nations. He cited the record of submarine disasters with which we are familiar and which therefore need no repetition by me. I think it can be conceded that no rescue apparatus can save a submarine if it lies submerged beyond the limit of depth to which divers may descend. Let us assume that this is even 150 feet, and considering the great depth of the sea, we can readily understand the hazard of submerging in any but shallow waters. Our naval officers concede the discomfort and danger of service aboard submarines in the request for increase in monthly bonus to men serving on such vessels, which is soon to come up for approval by Congress. I think we will all admit the increased risk of such service. But what then? Risk and danger have never daunted our men; indeed, many are attracted by these very hazards.

But Congress is responsible for the appropriations for the Navy, and therefore if we permit men to assume special risk we should be sure it is justified. If a submarine is a necessary part of a well-balanced navy, if these craft are indispensable, then these risks must be taken, for war is cruel, and until men outlaw war everywhere the price of preparation and security must be paid.

I am wholly in sympathy with the purpose of my colleague's resolution, and I concur in all that he has said regarding the ill repute which attached to the use of the submarine in attacks on noncombatants during the World War. If chivalry and humanity were the test of weapons, the use of gas and liquid fire, submarines and floating mines would be no more countenanced by civilized nations than sabotage or the holding of noncombatants as hostages. I am sorry to say it does not appear that the international agreement hoped for by my colleague will be brought about simply because the submarine is an unsafe, cruel weapon.

Let me make it clear again that I am in sympathy with the purpose of the resolution, but I want to submit my conclusion as to the only way by which such purpose may be achieved. Mr. Arthur Brisbane says that one submarine in war is more useful than a hundred battleships. If that is so, he is correct in saying that abolition of the submarine awaits the millennium. Usefulness in war is the test. If the submarine is useless, and such uselessness can be realized, the great powers will

discard submarines to-morrow. Sir Guy Standing says the sea battles of the future will be fought with motor boats and high explosives, due to the use of airplanes, which can destroy larger vessels and submarines by bombing. Rear Admiral Moffett, of the United States Navy, says that the airplane in naval operations is at once a vehicle, a high observation post, a torpedo tube, a depth-charge projector, a mine layer, and a smoke-screen layer. Then it has been said the submarine is the arm of weak nations which can not afford a real fleet because of the greater cost of capital ships. I should like to have light on the question of the effectiveness of submarines in combat, either offensive or defensive. Between the assertion that it is indispensable and the charge that it is worthless in real combat, where does the true value lie?

Of course, we remember how the *Lusitania* was sunk by a submarine, but after that we ran a regular ferry of transports across the Atlantic and not one convoy-protected ship went down. Are submarines the bullies of the sea, effective only against defenseless merchant vessels? May we not determine these questions now?

We all do know the position Germany had attained in submarine design before the war. The great claims of Von Tirpitz for his undersea boats is still a matter of recollection. One great German submarine crossed the Atlantic and docked at Hoboken in the early days of the World War and long before our entry. We recall the trip of the *Deutschland* and how it brought to America many millions of dollars of valuable chemicals and dyestuffs. This was a widely heralded achievement, and much was prophesied of their future commercial value. All such claims have been disproven and oversize submarines are now not desired in the Navy. Might it be that submarines are also of little consequence in naval operations in war time—or are they extremely important?

During the war we heard daily reports of German submarines here, there, and everywhere. Thousands of tons of defenseless merchant ships were sunk by these craft.

Then later came the Battle of Jutland, and I am not aware of any great havoc being wrought by the submarines of either side against the great fleets of capital ships there engaged. Just think! With the fleets of the world to choose from—United States, England, France, Italy, Japan, the greatest battle armada in history—and Germany armed with so many submarines of long-cruising radius. Picture that situation and try to recall any regular naval vessels being sunk by submarines.

I am convinced that we should determine if submarines are useful as ships of war in any sense or merely piratical craft, to be used against noncombatants. If this latter case be true, they must be outlawed, and Congress must proceed to determine if it be true. I do not pose as an authority on the subject. I merely seek information.

On the 13th of January I addressed 12 questions to the Secretary of the Navy, and I am pleased to say that on the 26th of January I received a carefully prepared reply from Secretary Wilbur. These questions and the Navy's replies will be of interest to my colleagues, I am sure.

It appears that we lead the world in submarines to-day. However, as the useful life of a submarine is only 13 years, 10 of our vessels are now rated as obsolete, and every year more will become so; 4 in 1929, 3 in 1930, 28 in 1931, and so on through the years. We are asked to provide 32 submarines in the naval bill now being considered in committee, but each year we must replace those which become obsolete.

The annual expenditure for maintenance and repair of submarines alone was almost ten and one-half million dollars last year. Every dollar so spent is justified if submarines are necessary, but if they are foolish toys, then it is a terrible waste of money.

The Navy Department informs me that during the World War five battleships were sunk by submarines. In every case, however, these were old types, presumably lacking the modern ship's protective features. A complete list of vessels sunk is given, but these comprised monitors, sloops, mine layers, torpedo boats, and other lesser vessels—38 semicombat ships all told—as compared to thousands of noncombatant merchant ships, and not one single first-class man-of-war!

For the sake of conciseness I ask permission at this time to insert a letter from the Secretary of the Navy containing my 12 questions and the answers thereto.

The CHAIRMAN. Without objection, it is so ordered. The letter is as follows:

NAVY DEPARTMENT,

Washington, January 26, 1928.

MY DEAR CONGRESSMAN LINDSAY: I have received your letter of January 13, and take pleasure in forwarding the answers to the questions you have asked me regarding submarines.



(1) What is the comparative tonnage or number of vessels of the various nations with respect to submarines only?

The table shown below gives the submarine tonnage of various powers as of October 1, 1927:

*Submarine tonnage as of October 1, 1927*

	Built	Building	Appropriated for	Total
United States.....	84,722	9,000	0	93,722
British Empire.....	46,888	11,800	9,000	67,688
Japan.....	52,266	16,170	9,720	78,156
France.....	45,069	15,319	16,421	76,809
Italy.....	17,252	13,528	4,752	35,532

It should be noted that existing tonnages of United States submarines will become obsolete at a rapid rate in the near future. Thirteen years is the estimated useful life of a submarine. United States submarines at present carried on the Navy list will become 13 years of age as follows:

Date	Number	Tonnage
Now.....	10	3,852
1929.....	4	1,800
1930.....	3	1,044
1931.....	28	13,730
1932.....	22	12,614
1933.....	9	8,224
1934.....	4	3,504
1935.....	8	7,662
1936.....	19	16,292
1937.....	8	8,278
1938.....	5	5,820
1939.....	1	2,196

(2) What is the annual expenditure for maintenance and repair, etc., of the submarine class of United States Navy?

During the fiscal year ending June 30, 1927, \$10,272,469 was spent in the maintenance, repair, alteration, and operation of submarines.

(3) Are submarines effective against warships and cruisers, or are these vessels protected by armor plate which is not penetrated by the torpedoes of submarines?

The torpedo from a submarine is effective against all types of men-of-war. The armor belt in the case of battleships does not extend much below the water line. For protection against torpedoes dependence is placed on two methods:

(a) Compartmentation in all vessels.

(b) Blisters in addition in the case of battleships.

Compartmentation consists, in brief, of dividing the hull into as small as practicable water-tight subdivisions in order to localize the effect of underwater damage. Blisters consist in a series of compartments placed exterior to the hull proper to limit the damage of an exploding torpedo. Battleships with the foregoing elements of design can probably withstand as high as four torpedo hits without sinking, whereas formerly, without this protection, two hits might cause sinking.

(4) Are there any instances available of fighting ships of any Navy having been sunk by submarines? Or any tests made on condemned hulls?

In the late war Great Britain suffered the following combatant-ship losses from submarines: 5 battleships, 5 cruisers, 3 light cruisers, 1 monitor, 13 sloops, 1 flotilla leader, 6 destroyers, 2 torpedo boats, 1 aircraft carrier, and 1 mine layer. In every case the battleship was of an obsolete type.

Tests have been made against condemned hulls, notably the *Washington* prior to her being sunk in accordance with the limitation of armaments treaty. Special tests were also conducted on the *South Carolina*.

(5) How many torpedoes are carried by a submarine, and may these be fired while submerged with any effectiveness?

Submarines are built with from four to six tubes from which torpedoes can be fired. The number of torpedoes carried varies from two to three times the number of tubes.

The most effective method of fire is with the hull of the submarine submerged but with the top of the periscope showing. This reduces the visibility of the submarine to a minimum while allowing the directing officer to see his target. A submarine in this position is said to be at periscope depth. A submarine may also fire its torpedoes when completely submerged by using special methods of firing.

(6) What is average cost of discharge of a torpedo in actual combat with the enemy?

The average cost at present of a torpedo with its war head is \$14,000.

(7) What is effective range of torpedo discharge?

A torpedo is effective almost immediately after leaving the point of discharge up to the extreme limit of run, which limit varies with different types of torpedoes.

(8) Has the submarine any offensive status, or is it a weapon primarily of defense, considering the reduction in submarine attacks following the use of convoys of destroyers, submarine torpedo nets, etc.?

The submarine has an offensive as well as a defensive status, but no matter whether it be operating offensively or defensively it derives its importance from its ability to take offensive action against enemy ships. Submarines that operate locally—for instance, in the vicinity of the Canal Zone, the Hawaiian Islands, the ports of our Atlantic and Pacific coasts—would in general be said to be operating defensively, but the efficiency of their operation in these areas would depend upon their ability to attack vessels or fleets that were attempting to interfere with commerce or to bombard our shore positions. This kind of operation constitutes the defensive operations of submarines. Offensive operations are those that pertain to operations on the high seas or in enemy waters, where the submarine seeks to place itself in a position for attacking enemy combatant vessels. It is not possible to lay down any general rule as to which is the more important employment of submarines. Importance of the employment will depend upon the circumstances of the war at the time. Submarines of all classes can be employed in the purely defensive operations above indicated, but only the larger submarines have sufficient seagoing qualities to enable them to operate offensively in distant enemy waters.

(9) What is the average rating of effective fire or "marksmanship" for submarines of the United States Navy?

Submarines are not generally very efficient in their gunfire unless the sea is smooth. They can not fire their guns as effectively as surface vessels, except at very short range. Their marksmanship, so far as torpedoes are concerned, compares very favorably with torpedo marksmanship from surface vessels.

(10) Briefly, what is the value of a submarine as an integral part of a well-balanced navy?

The submarine is a very valuable element of naval strength, particularly valuable for operation in enemy waters since it can go to those waters and remain for considerable periods of time awaiting its opportunity for its successful attack of enemy combatant ships and to observe and report their movements. No other type of naval vessel can maintain itself in enemy waters unsupported for any considerable period of time, because it would be discovered and driven off by superior naval strength of the enemy. The submarine, instead of being driven off, can submerge at appropriate times and thus escape observation. There is no way for a surface vessel similarly to escape observation. You can very well see how disturbing it would be to the naval operations of the enemy if submarines were known to be operating in the vicinity of its naval bases threatening every ship that issued from or returned to such bases.

The submarine has a special value to a fleet in its ability to scout long distances ahead of the fleet without being chased off its station by superior strength of the enemy. When it comes to fleet action, the submarine is a weapon of opportunity. There is no assurance that the submarine in fleet action will be as useful as surface vessels, but in all the steps leading up to fleet action, the submarine may play a very important rôle.

The mine-laying submarine is of value in that, unobserved, it may lay mines in or near the entrances to enemy naval bases and in localities of enemy naval activities. This form of attack may prove very effective in damaging or sinking combatant ships; in addition the constant threat of such mine laying makes necessary considerable sweeping operations which serve to delay or occupy enemy forces.

(11) In a hypothetical case of having to choose between submarines and fighting vessels of a nonsubmarine type, would not the choice be for the regular ship? Why?

This question can not be answered directly. There are so many factors that enter into the decision that with one set of factors it might occur that the need for submarines would predominate, while with another the need for submarines would not predominate. It is impossible to foresee with any degree of precision all of the factors and evaluate them sufficiently to make a decision in the case. It will oftentimes occur in certain phases of naval war that the submarine will be the sole type of naval vessel that can operate effectively in the execution of the particular task in hand. In other cases the usefulness of the submarine may be distinctly less than the usefulness of surface vessels. In general, a fleet must be built up and organized for the general exercise of sea power. It must be composed of vessels that are indicated by long study of the general world situation, of naval aims, and naval dangers. Such studies and estimates have led the Navy Department to submit for the consideration of the President and Congress a building program that represents the best professional opinion of the Navy. This program includes both surface and submarine vessels.

(12) What is the advantage of a large submarine of possibly 300 feet over all, as compared with one only 150 feet over all?

The advantage of a large submarine as compared with a small one is that the area of its operations is not limited to local areas. The small submarine is by its very nature restricted to operations in the vicinity of bases and ports of the United States. It can not go long distances at sea and remain in strategic positions for considerable periods of time. Its cruising radius is so restricted that it must remain

near sources from which it may replenish its fuel, its provisions, and where it may rest its personnel. The small submarine is, of course, much more uncomfortable for the personnel and wears them out quicker than the larger and more comfortable submarines.

The special situation of the United States in the matter of bases makes it necessary for us to build vessels that can cruise long distances at sea. This necessity applies with as much force to submarines as to surface vessels. Notwithstanding the necessity we are under, all nations building what might be called the larger class of submarines, we recognize that the larger the submarine the more it costs and consequently the fewer vessels we can get for a given expenditure. Our effort, therefore, in design is to keep the displacement of individual vessels as low as possible while still incorporating in them the necessary strategic and tactical qualities. This effort has resulted in a design of a vessel well below 2,000 tons.

Sincerely yours,

CURTIS D. WILBUR.

HON. GEORGE W. LINDSAY,  
House of Representatives.

Mr. LINDSAY. Now, gentlemen, I would be presumptuous if I stated categorically that submarines are ineffective in combat and useless in offensive or defensive operations. I am not an authority on fleet maneuvers or naval strategy. Our people will support any plan that seeks to lessen the horrors of war on land or sea, so long as that plan does not imperil our national defense. Military and naval warfare is changing. The battle of the *Merrimac* and the *Monitor* marked the end of wooden warships of all classes. The development of the naval aircraft carriers may mark the end of the submarine.

I am in favor of preparedness. I want our Navy always efficient as to complement of men and classification of types of ships. I want our navy yards ready with equipment and trained mechanics. But I would not want to maintain a type of ship which is of doubtful effectiveness in service, especially when such ships so often become coffins for their brave crews.

My point is that since capital ships with low gun elevation have become obsolete largely because "spotting" airplanes permit them to be outranged, so, perhaps, airplanes make certain the passing of the submarine. If I am correctly informed, every American cruiser and battleship carries three planes. Only one British ship carries planes, the *Vindictive*, which carries six. Of course, this does not apply to additional planes carried by airplane carriers in much greater number. Ships like the U. S. S. *Langley* and the U. S. S. *Saratoga* carry a veritable fleet of airplanes. But battleships and carriers are already limited to agreed ratio under the naval limitation treaty. It is, therefore, in the submarine and cruiser class that the possibility of a race in naval armament lies. It is difficult to give any comparison of the submarine strength of nations because of the obsolescence element previously mentioned. Any such comparison would depend largely on the age of vessels included.

An idea of what each nation would relinquish in an agreement to eliminate submarines is roughly indicated in the following table, as of October, 1927:

Submarines of all classes

1. United States.....	56
2. Japan.....	49
3. Great Britain.....	35
4. France.....	22
5. Italy.....	9

Since the size and importance of these boats vary, let us examine the table of total tonnages:

	Tons
1. United States.....	84,722
2. Japan.....	52,266
3. Great Britain.....	46,888
4. France.....	45,069
5. Italy.....	17,252

If present plans for additional building are carried out, these totals will again change:

	Tons
1. United States.....	93,722
2. Japan.....	78,156
3. France.....	76,809
4. Great Britain.....	67,688
5. Italy.....	35,532

It might be of interest in passing to refer to Germany's position. Her once mighty fleet of submarines is now reduced to eight old obsolete boats, six of which are kept in commission under the treaty limiting her arms. But it may be that the money that would have been spent on submarines will be used to advantage in restoring her merchant marine, so Germany may console herself with the thought that Providence moves in a mysterious way its wonders to perform.

Gentlemen, I am not one of those who lack confidence in our naval officers. I can not forget their many acts of skill and heroism. Paul Jones, Farragut, Perry, Dewey, and Hobson,

and Gridley of "You may fire when ready" fame; and those many competent men in our World War whose names I shall not mention now because I would have difficulty in limiting myself to any select list—all carried on the traditions of the Navy. Officers and men, they go wherever duty requires. They obey orders. They will fight in tin tubs if necessary, but if that be not necessary, let us find out.

If we ask men to risk their lives in service aboard submarines, let us be sure the submarine is a legitimate member of the fleet and not a false pretender, unfit to ride at anchor beside the proud and honest man-of-war. I know the officers and men will give all that is in them, but has the submarine anything to give in combat from which unarmed noncombatants are removed?

Its little guns are pea shooters against the armored sides of ships of the line. Their marksmanship is uncertain in any seaway. On the surface they are doomed by the swift destroyer and submerged they are shattered by the depth bomb. Their vulnerability is their weakness, but in what is their strength?

They carry a limited number of torpedoes—a maximum of 18 and a minimum of 8 perhaps. When these are fired the submarine is out of action. They must get close to their target to insure a hit, because of limited number of torpedoes carried. Destroyers or watchful airplanes prevent them from showing their periscopes. So the difficulty of sighting the target is increased. Because of compartmentation of warships, many direct hits must be made before the ship sinks. Can it be done? I would like to know if a submarine could risk an attack on any modern naval vessel of fighting rank.

If the submarine is used principally to attack noncombatants—and such appears to have been the case in the great test of the World War—then it must be outlawed for such warfare is reprehensible and wholly violates the guaranteed rights of noncombatants. If it is obsolete as a type because of development of bombing and scouting planes, then it must go for less humane, but perhaps more persuasive reasons.

In any case, the submarine is prominently before us. Let us determine the facts fairly and conclusively and act with the courage of our convictions, so they who perished off Provincetown shall not have died in vain. [Applause.]

Mr. GRIFFIN. Mr. Chairman, I yield 30 minutes to the gentleman from Tennessee [Mr. ESlick].

Mr. ESlick. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record and to insert therein a number of documents, tables, and compilations of figures that are incident to and really a part of what I have to say.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent to extend his remarks in the Record in the manner indicated. Is there objection?

There was no objection.

Mr. ESlick. Mr. Chairman, ladies and gentlemen of the committee, in the time allotted me I shall discuss the much-heralded and talked-of prosperity throughout the country. I am going to measure prosperity as reflected in the business conditions of the country. I shall apply the business yardstick to Harding normalcy and Coolidge prosperity. The President in his message says—

that the country as a whole has had a prosperity never exceeded.

The Secretary of the Treasury speaks of the steady employment of labor, that the country has been prosperous, and business and industry are stable. The press of the country tells us that we have had a great prosperity in 1927. It is proclaimed from the floor of this House by many of the administration followers. Stocks on the exchanges have gone up by leaps and bounds. My contention is that the claim of general prosperity is not sustained by the record. Speculative and inflated values in the gambling of stocks is an artificial prosperity and does not represent prosperity among the various classes of the people.

What is prosperity anyway? The Standard Dictionary defines prosperous as—

successful; flourishing; favoring; auspicious; fortunate; happy; well.

I am going to take the saying of the homely philosopher, Abe Martin, as a measure in summing up the question of real and practical prosperity. This quaint philosopher says:

Don't believe everything you read about prosperity. You kin tell when it hits you by feeling in your pockets.

I am going to talk about this kind of prosperity which affects the general public, the everyday man. This is the yardstick to measure our prosperity, because it affects 95 per cent of our population.

The President, the Secretary of the Treasury, and the leadership of the majority party throughout the country talk prosperity. Yet when we come to the question of tax reduction it



causes the President and the Secretary of the Treasury to find out whether we have, and will continue to have, this prosperity in the Treasury in 1928. When they come to feel in the Public Treasury "pocket" immediately the President warns the country that there must not be too great a reduction in taxation because the revenue will not be so great this year. The Secretary of the Treasury in substance says the same thing. Mr. Mills, the Undersecretary of the Treasury, warns against tax reduction because there will be less revenues this year.

Chairman GREEN, of the Ways and Means Committee, and the gentleman from Oregon [Mr. HAWLEY], a member of the Ways and Means Committee, each sounds the note of warning. Mr. HAWLEY says the automobile business has fallen off, railroad revenues are lower, and the steel business has fallen off. Chairman GREEN utters almost identically the same language. These gentlemen express the view that there should be small tax reduction this year, and the reason evidently is that there will be smaller revenues gathered from taxation, and, of course, smaller or less taxes means a deflation or smaller volume in business throughout the country.

In this discussion I have an authority for every statement made as to our business conditions, except as to idleness in the cities; and these statements are based on the best obtainable information, and which I believe reliable. Some of the statistics I have gathered through bureaus and departments of the Government and agencies of a statistical nature throughout the country, and through the financial journals and daily papers of the city. I have tried to fairly gather this information as to business conditions of the country, and especially with a view of comparing 1927 and January, 1928, with the calendar year of 1926. Of course, I have not been able to go into detail in each and every business and industry. The undertaking is too great. But I have tried and think that I have succeeded in gathering enough information as to the business and industries of the country that the condition, as compared in these two years, may be fairly reflected, and our present-day prosperity fairly measured.

I would not undertake to say that there has not been prosperity in some lines of business. If there were no incomes in the country, the revenues of the Government would be paralyzed. The Government had large revenues last year, but these revenues have been gathered from the few and not the many. A very, very small per cent of the people individually and in firms and corporations pay 90 to 95 per cent of the income taxes.

The prosperity of 1927 was confined largely and almost exclusively to a few units of big business. The greatest prosperity was in the stock exchanges. That was not a real prosperity, but speculative values in the exchange went far beyond values measured by earning capacity. Banks and insurance companies were prosperous. Chain stores did well. Automobiles and the steel companies made money, but were not nearly as prosperous as in 1926. Only to-day steel and motor stocks on the New York Exchange got \$1,000,000,000 squeezed out of them—paper values, of course. For these stocks are worth just as much as they ever were. But this is a sample of exchange prosperity. A few weeks ago there was another tumble on the New York Exchange, and the papers said then there was a loss of from one to three billion dollars; a sudden and severe shock to prosperity—shadowy prosperity, not substantial prosperity!

In the mercantile world mail-order houses, like Montgomery Ward, Sears-Roebuck, and similar houses, made great earnings; but to my mind, this is an evidence of adversity rather than prosperity, because when times begin to grow hard and money scarce, the average purchaser with small means tries to make his money buy as much and go as far as possible. They forget the home merchant. They deal with the mail-order houses where they may get the needed articles for a little less money. The business of the home-town merchant declines, while the business of the mail-order or foreign merchant grows. Thus the prosperity of this class of business was built up or enriched in 1927.

#### THE FARMER'S PROSPERITY

Mr. Chairman, in the discussion of our prosperity, or lack of prosperity, I am going to first discuss the basic business interest of the United States. I am going to talk about the class of American citizens having the greatest number of any one class—the American farmer, who produces the real wealth of the country. He produces the things the people absolutely need. Then I am going to talk about another great class of our people and our citizens—American labor. I shall first inquire as to the prosperity of these two classes of business.

What has the farmer to show for his labor for the last seven years? What gain in that period of time represents his prosperity? Mr. Chairman, all wealth, all property in whatever form, save land itself, represents the savings from the labor of

human hands in and upon the bosom of the earth. The farmer produces food and clothing for the teeming millions of the world. You may close down every factory, mill, forge; you may stop every railroad train; wreck every bank and insurance company; stop every spindle; close every furnace and factory in the land; and while the hand of progress would be turned back a full century the world would go on. It would live. He is the one man absolutely indispensable to the life of the people of the world. Destroy the farmer and you destroy mankind. If he should withdraw the products of his labor from the markets a single week the people engaged in industry and in the congested centers would be upon their knees hungry, and in six months the world would be naked.

The first of 1920 saw the farmer in better condition, with fewer mortgages and less debts, than at any time in our history. He was prosperous because the war had produced an unlimited demand for his products at high prices and good profits. What is the story of the farmer of to-day? Of the nearly 3,300 bank failures in the last seven years 94 per cent of these failures are in either agricultural States or parts of States supported by agriculture. His invested capital in lands in 1920 amounted to \$73,000,000,000, yet the first of 1927 it had diminished to \$58,000,000,000. His earnings upon this diminished capital have been only about 3 per cent. Corporate wealth has grown from \$99,000,000,000 to \$134,000,000,000, a gain of \$35,000,000,000, and it has earned nearly 13 per cent annually on its increased capital up to January 1, 1927. Not only are the farmers in the poor agricultural sections of the land bankrupt, but many of the very best farming sections, with the richest lands, are in a hopeless condition. May I point to one section? The Mississippi Valley and lower Mississippi Delta are probably the richest and most productive lands in the world. In discussing the flood situation recently Representative JAMES W. COLLIER, one of the ablest and most conservative of southern Representatives in this House, made this statement, that not only was that immediate section of the country affected by the flood but that over 3,000 miles of railroad transportation had been interrupted; that the water had covered over 12,000,000 acres of land in 174 counties in 7 States. Let me quote his language:

There are \$772,000,000 invested in mortgages on land and in bonds and \$45,000,000 are still outstanding of levee bonds. Now, its assessed value, so bonded and so mortgaged, aggregates \$815,000,000.

This 12,000,000 acres of land, as rich as any under the American flag, mortgaged and encumbered for one hundred cents on the dollar of its assessed valuation. Is the farmer prosperous? Is he flourishing? I give you these figures from the Department of Commerce—forced sales of farms for the year ending March 15, 1926—delinquent tax sales, 24,000; foreclosure of mortgages, bankruptcies, and so forth, 99,000; total, 123,000. In 1927 delinquent tax sales, 29,000; foreclosure of mortgage and bankruptcies, 102,000; total, 131,000; an increase in 1927 of 8,000 bankrupt or foreclosure farm sales. Each farm on the average has a family of four persons, and each year it was the loss of home to at least 500,000 people. In these two so-called prosperous years 253,000 landowners lost their farms through forced sales, not to mention the very large numbers who deeded their lands to mortgagees or through judgment and execution sales. In two years 253,000 American farm owners lost their homes. In these two years more men were sold out of house and home than faced each other in the Union and Confederate Armies on the bloody field of Gettysburg. I do not know the value of these lands, nor the liability of the landowners. I have no way of getting this, but I do know that, generally speaking, the larger farmers of the South and Southwest were hit hardest and they suffered most from the low-priced farm products. It is safe to say that these 253,000 farm owners were probably the losers of more money than any other class of business men. At \$5,000 a farm, their losses would be \$1,250,000,000. At \$2,500 a farm, which is a low estimate, it would be \$632,500,000, or nearly double the bank failures for the same two years.

Des Moines is in Polk County, Iowa. I have before me a copy of "The Des Moines Register, Saturday morning, November 12, 1927. The newspaper Iowa depends upon." This paper carries the advertisement of sale for delinquent taxes, with the time of sale fixed for the first Monday in December, 1927. It is signed by Allen Munn, treasurer of Polk County, Iowa. The first paragraph reads:

The following is a true and correct list of all lands and town lots in Polk County, Iowa, on which taxes for the year 1926 and previous years are due and unpaid, as appears from the several tax lists in my office.

This paper has 33½ pages, with five columns to the page, set in 6-point or small type, describing both city and farm lands for sale. It is too big a job to count the number of farms and town

lots and to add up the amount of taxes. In the statement accompanying the paper it is stated that—

There are about 32,000 pieces of land upon which taxes are delinquent, and, if you could get some one to total them all up, you will find it will run into the neighborhood of \$2,000,000 delinquent taxes in this county alone.

I have counted the number of pieces of land in one average column and added up the delinquent taxes in this column, and taking this as an average it will run about 30,000 parcels of land and about \$1,400,000 in delinquent taxes. This is from the capital city and county in the greatest corn-growing State in the Union. Certainly, the people of the capital city and county of this great agricultural Republican State must be firm in the faith of their fathers if they continue to vote for Republican success, and at the same time pray for deliverance from Coolidge prosperity and bankruptcy.

Not one farmer out of twenty in the last six years has made a clear dollar on his investment. Let us come to the concrete proposition of to-day. Step by step the farmer is slipping. Hogs in the early part of 1926 brought 12½ to 13½ cents a pound. The same class hogs to-day bring from 6 cents to 8½ cents a pound. The price of corn now is below the cost of production. The producer gets from 55 cents to 80 cents a bushel. The price of middling cotton is around 17½ cents a pound, and is below the cost of production; wheat may yield a slight profit at \$1.16 to \$1.28 per bushel. Oats are cheap, without profit. The rice farmers are all "broke," with rice at 85 cents a bushel when it costs more than \$1 to produce it. The various hays sell from \$6 to \$15 a ton, none of it at a profit, and much of it at an actual loss. Cattle are bringing a profit, and for the first time since 1920. This is due to scarcity. The farmer is involved in debt, with taxes increasing, and the price of the fruits of his labor fluctuating from production cost to a severe loss. The future does not hold out the hand of hope to him. He sells in the open markets of the world. He buys in the most restricted markets of any nation. He sells in a cheap market. He buys in a high market. His sale represents the extreme low price, his purchase the high price.

A Tennessee humorist once said:

The unpleasantness of the sixties put "Yankee Doodle" on the pension rolls and "Dixie" on her crutches.

Unfair, unjust, and discriminatory legislation has put big business on "Easy Street" and the farmer flat of his back in the bottom of the "ditch," helpless and hopeless. There may be a single ray of hope. The Agriculture Department on February 3, so the newspapers report, says that farm labor this year will be plentiful and at lower wages. The reason of this "back to the farm movement" is the collapse of business in the cities, and the manufacturing centers of the country have discharged a large amount of their labor. It is go back to the country and the farm for existence or join the idle army and the bread line.

In my own district, the seventh congressional district of Tennessee, in the very heart of the bluegrass section, in the basin of the middle division of the State, the assessed value of the land in the 11 counties has shrunk from 1920 to 1928, \$42,000,000, or approximately one-third. Eleven counties lying adjacent can not be found in any State surpassing these in fertility and diversity—in production and diversity of production.

#### LABOR CONDITIONS

I shall discuss the labor situation at length, for in point of wages and income it is the greatest business in the United States. We all know that the "party of high ideals" and "normalcy" claims great credit for the preservation of the rights and dignity of labor. What is the condition of labor to-day? Probably not since General Coxey's army marched on Washington has labor been in so deplorable a condition. In great sections of the country labor is hungry and starvation faces it. In other places, unhappy, underfed, and homeless, large parts of the labor population face the world.

The coal miners of central and western Pennsylvania, Ohio, and the northwestern section of West Virginia are in greatest distress. I have drawn you a pretty dark picture of agriculture. But it remained for the able and distinguished Republican leader from Kentucky [Mr. ROBSON] to draw a still blacker one for the coal people. In this House a few days ago, referring to agriculture, he said:

While one of our great basic industries has been in deep distress, yet the soft-coal industry of this country is in even greater distress.

And the gentleman knew what he was talking about. This is good Republican authority and undisputed. A great description of the condition of the coal miners of Pennsylvania was given to this House a few days ago by the gentleman from that State [Mr. CASEY]. It is admitted that the mine owners are

neither prosperous nor happy. The coal operators at the present wage scale say they are threatened with bankruptcy and that a reduction in labor charges must be made if the soft-coal industry is to survive. The miner's wage is now so low that he can not reduce it and decently support his family. Inquiry at the Department of Labor as to the coal situation shows it to be "very, very bad." Of the large number of miners engaged in the soft-coal fields, probably 250,000 of them are union miners. Soft-coal miners, union and nonunion, number about 625,000. A very large percentage of these are idle and unemployed. We have no export market for our soft coal. It is hemmed in at home. The result is financial distress, both to the operators and the miners. Oh, Mr. Chairman, the Secretary of the Treasury, who talks of marvelous prosperity and stability of business conditions throughout the country, this financial genius who has ascended the heights until he is probably the third richest man in the world, should turn his face to the outskirts of his home city, Pittsburgh.

The picture of prosperity greeting him is a gaunt famine's spectral brood in the shape of half a million miners, discontented, half of them hungry, shabbily clad, and homeless. And as Nathan said unto David, "Thou art the man," they point "the accusing finger" and ask, "Where is your prosperity? We are out of work; our families are hungry. The coal corporations have turned us out of doors to freeze and to die." No answer is made to them, and they look into the mysterious future without promise and without hope. "Man's inhumanity to man hath made countless thousands mourn."

This condition is not confined to any one trade or business or any one section, but it is throughout the country. When you tell the coal miner that he is having a hard time, the people who are boosting prosperity say to him, "This is local. This is only with you." If you tell the textile men of New England and the President's home State of Massachusetts that business is depressed they say, "This is local with the textile people." When the farmer complains—and knows—that he has had the hardest time of anybody they tell him, "It is only agriculture that is badly depressed." And when the sawmills are closing down by the wholesale they say, "Hard times are confined to the lumber and timber trade." In other words, they are trying to hold up and boost prosperity until after the presidential election. Communicable and pestiferous diseases are generally quarantined by the medical world to prevent the spread of the disease. The prosperity people right now are trying to quarantine "hard times" in each of the many classes hit so hard—trying to withhold it from the world until they can get by this fall's elections.

Mr. ROMJUE. Mr. Chairman, will the gentleman yield there for a question?

Mr. ESlick. Yes, sir.

Mr. ROMJUE. You have spoken of unemployment in the different sections of the country. I was wondering if the gentleman had observed that even here, within the shadow of the Capitol, we are having bread lines. Three weeks ago, I think, this last Sunday morning as I came out of church on my way home, in passing the Gospel Mission House down here I saw a large number of men standing in the bread line waiting for something to eat. I went in and contributed my little mite, and as I walked home I was wondering how the people of this country could longer refuse to believe that there were bread lines standing in the shadow of the Capitol.

Mr. ESlick. I thank the gentleman from Missouri for his suggestion. The scene he describes is right here with us, and he that hath eyes to see can behold it.

This is the Capital City of the Nation, where the Government pours out its millions in salaries every month, and yet we see the real-estate business with creeping paralysis; the general line of mercantile business is at a standstill. There is no prosperity here!

I am reliably informed that save for a few large and costly projects the building business is almost paralyzed. In the still trades, consisting of bricklayers, carpenters, blacksmiths, tin-smiths, painters, paper hangers, plumbers, concrete men, and allied classes of workmen there are 35,000 idle workmen in Washington City.

Mr. SPROUL of Illinois. Mr. Chairman, will the gentleman yield there?

Mr. ESlick. I do.

Mr. SPROUL of Illinois. As a matter of fact, we have the same conditions of bricklayers and carpenters and other building trades and mechanics out of employment every winter, no matter how good the times may be. Is not that a fact?

Mr. ESlick. From the day Woodrow Wilson became President until he went out of office we did not have them in the United States. [Applause.]

Mr. SPROUL of Illinois. My dear sir, that is absolutely right; but we had a war on at that time. Four million of our



men were enlisted, and if they were not out fighting for their country they were located in the camps here preparing to go, and there was work for every man you could get in those times. But it is not so during every winter in peace times.

Mr. ESLICK. I must object to the gentleman from Illinois taking more of my time, because I have a big subject to cover. I am glad the gentleman from Illinois concedes that I am absolutely right, that from the day President Wilson went into office until he went out, we had no idle men. But he assigns the reason that we had a war at that time. Wilson's first four years was a peace-time administration. We had the depression to contend with that was brought on by the war in Europe. The battle cry of 1916 was, "Wilson kept up out of war." If I am right, and the gentleman admits it, we had no idle men under Democratic administration either in war or in peace. [Applause.]

But as to the unemployed: Forty miles from here is the rich city of Baltimore. I am informed 75,000 people are out of employment there. St. Louis has 100,000 men jobless—they belong to the vast army of the unemployed.

But this is not the end of the story. New York is the richest city in the richest State in the Union. Unemployment is so great there that the governor has recently taken official cognizance of it, and has taken this matter up with the State and city authorities with the view of aiding the unemployed, both in the city and State. Remember this lack of employment and great suffering comes from the two most populous and the two richest States in the Union—New York and Pennsylvania.

But I am not through with the picture. If the newspaper reports are correct, factories and business operations are closing down, hundreds and thousands in every great city are without work, and especially east of the Mississippi River is this true. I wrote the Department of Labor for information that I might have it at first hand. But not a figure came to me. I am going to discuss this department a little later.

But through the Labor Bureau (Inc.), of New York, specialists in economic research for labor unions, we get a report as late as February 9. This report necessarily must relate to union men. There are 4,000,000 workers out of employment in the United States. Is this prosperity, when prosperity means to be successful and fortunate?

Four million men without employment necessarily go beyond any one line of business. It embraces many classes of employment. As early as September and October, 1927, many of the industrial plants were operating only from two to four days a week. The record is silent as to those working only part of the time. It is safe to say that half as many laborers are employed only part of the time as those completely out of work.

#### LABOR OF BIG BUSINESS

The Business Condition Weekly in its issue of January 14, 1928, contained a table of the 24 most important and greatest industries of the country. It compares the pay rolls of each for the month of November, 1927, with the same month of 1926. This table embraces other industries, but I have used only the 24 specific pay rolls of big business.

The table is as follows:

#### Weekly factory pay rolls

	November, 1927	Change from November, 1926 (Increase (+) or decrease (-))
		Per cent
Automobiles.....	\$8,691,000	-10.5
Iron and steel.....	7,345,000	-16.4
Foundry and machine shop products.....	6,267,000	-14.1
Car building and repair.....	4,968,000	-8.9
Cotton goods.....	3,849,000	+4.9
Printing.....	3,790,000	+1.5
Electrical products.....	3,406,000	-9.1
Lumber and millwork.....	3,239,000	-8.8
Slaughtering.....	2,185,000	-3.4
Baking.....	1,830,000	+2.6
Boots and shoes.....	1,823,000	-17.7
Furniture.....	1,676,000	-6.1
Hosiery and knit goods.....	1,583,000	+2.1
Pulp and paper.....	1,555,000	-4.3
Woolen goods.....	1,455,000	-6.7
Petroleum refining.....	1,445,000	-14.9
Tires.....	1,402,000	-9.8
Men's clothing.....	1,397,000	-5.4
Silk goods.....	1,132,000	-5.0
Steam-heat apparatus.....	1,095,000	-12.0
Glass.....	930,000	-9.8
Machine tools.....	845,000	-14.8
Hardware.....	784,000	-12.8
Agricultural implements.....	690,000	-3.1
Other industries.....	13,381,000	
Total.....	76,723,000	-8.0

I also have before me Business Conditions Weekly issued on February 11. It contains four tables. The first relates to building in 37 eastern States in 1927 as compared with 1926. The first table shows the building conditions by sections of the country and measured in square feet.

The second table shows the classes of construction, measured in square feet; 883,700,000 of building contracts in these 37 States were made in 1926 and 850,000,000 in 1927, or a loss of 33,700,000 square feet or 3.7 per cent.

The third table under weekly "factory pay rolls" shows a comparison of December, 1926, and December, 1927, on the same 24 most important industries in the country, comparing for the month of November, 1926 and 1927. It shows a gain in 1927 of 6 industries over December, 1926, and a loss in wages in 18 of the industries covering the same period, or a net loss to labor of 6.6 per cent in the month of December, 1927, as compared with December, 1926, and figured on this basis, labor had a net loss in 1927 during the month of December of \$4,247,694.

The fourth table shows a change in 1927 pay rolls as compared with 1926 in five of the most important industries. This is shown monthly. Automobiles gained in 3 months of 1927 and lost in 9, as compared with 1926. Iron and steel lost in each of the 12 months, and consistently. Its loss was 7½ per cent in January and 14.2 per cent in December. Foundries lost in 11 months and gained in 1. January it lost only one-half of 1 per cent, and in December it lost 14.7 per cent. Cotton goods gained in 11 months and lost in 1. The first month's gain—January—was six-tenths of 1 per cent and December was a loss of seven-tenths of 1 per cent. Its greatest gain was in July, 24.8 per cent. Lumber lost in all of the 12 months, beginning in January, 1927, with 5.6 per cent and ending in December with 9.3 per cent. These four tables are:

#### Building contracts by districts in 37 Eastern States

District	Year 1927	Year 1926	Per cent change
	Square feet	Square feet	
New England.....	63,200,000	71,200,000	-11.2
New York.....	226,000,000	252,600,000	-10.5
Middle Atlantic.....	97,000,000	97,400,000	-.4
Pittsburgh.....	87,200,000	87,100,000	+.1
Central West.....	245,300,000	221,500,000	+10.7
Northwest.....	12,800,000	16,000,000	-20.0
Southeast.....	81,000,000	98,500,000	-17.8
Texas.....	38,100,000	39,400,000	-3.3
Total, 37 States.....	850,600,000	883,700,000	-3.7

In these 37 States residential building declined 5.1 per cent.

#### Building contracts by classes of construction in 37 Eastern States

Class	Year 1927	Year 1926	Per cent change
	Square feet	Square feet	
Residential.....	494,600,000	521,100,000	-5.1
Commercial.....	141,800,000	152,400,000	-7.0
Industrial.....	70,900,000	80,800,000	-12.3
Other.....	143,300,000	129,400,000	+10.7
Total, 37 States.....	850,600,000	883,700,000	-3.7

#### Weekly factory pay rolls

	December, 1927	Per cent change from December, 1926
Automobiles.....	\$9,447,000	+14.7
Iron and steel.....	7,414,000	-14.2
Foundry and machine-shop products.....	6,435,000	-14.7
Car building and repair.....	4,658,000	-10.3
Printing.....	3,962,000	+2.2
Cotton goods.....	3,740,000	-.7
Electrical products.....	3,473,000	-6.8
Lumber and millwork.....	3,088,000	-9.3
Slaughtering.....	2,266,000	-2.4
Boots and shoes.....	1,802,000	-14.4
Baking.....	1,800,000	+.8
Hosiery and knit goods.....	1,622,000	+2.0
Furniture.....	1,610,000	-7.3
Tires.....	1,573,000	-1.1
Pulp and paper.....	1,535,000	-2.8
Woolen goods.....	1,475,000	-7.6
Men's clothing.....	1,470,000	-9.4
Petroleum refining.....	1,465,000	-16.1
Silk goods.....	1,214,000	+1.5
Steam-heat apparatus.....	960,000	-10.5
Glass.....	935,000	-9.9
Machine tools.....	870,000	-13.9
Hardware.....	786,000	-9.3
Agricultural implements.....	759,000	+1.8
Other industries.....	13,617,000	
Total.....	77,976,000	-6.6

Loss in wages, December, 1927, over December, 1926, \$4,247,694.

The trend of pay rolls in five important industries during the past 12 months is shown in the following table:

Per cent change in 1927 pay rolls, as compared with 1926

	Automobiles	Iron and steel	Foundries	Cotton goods	Lumber
January	-30.9	-7.5	-0.5	+0.6	-5.6
February	-15.7	-4.5	+7.5	+1.5	-8.5
March	-10.2	-3.1	-1.7	+3.3	-7.7
April	-4.7	-1.3	-4.0	+3.5	-9.7
May	+9	-3.8	-5.3	+11.3	-7.5
June	-11.2	-4.9	-8.8	+14.3	-8.9
July	-8.5	-10.0	-8.2	+24.8	-8.3
August	-10.7	-7.5	-9.0	+21.6	-8.7
September	-13.5	-13.5	-11.1	+12.6	-7.8
October	-11.6	-17.2	-14.3	+9.2	-8.6
November	-10.5	-16.4	-16.4	+4.9	-8.8
December	+14.7	-14.2	-14.7	-7	-9.3

Twenty of the twenty-four industries in November, 1927, paid less wages than in November, 1926. The greatest loss was in the industry of boots and shoes—17.7 per cent. The highest of the four making a gain was in cotton goods—4.9 per cent. There was a net loss to labor of 8 per cent in November, 1927, compared with November, 1926. The combined pay rolls of these 24 industries for the month of November, 1927, was \$63,342,000. Figuring the 8 per cent loss on the smaller sum for this one month, labor had a net loss of \$5,067,000.

I have been unable to get any correct data on the pay roll of the entire country in 1926 and 1927. I understand it is not obtainable. The last report of the Bureau of the Census was in 1925. From the census of manufactures I find that the total labor wages of 187,390 establishments amounted to \$10,729,968,927; 8,384,261 people or wage earners were employed in these establishments. The Alexander Hamilton Institute places the national income of 1927 at \$103,400,000,000, and estimates that labor received from 54 per cent to 59 per cent of this great sum. It takes the figures 57 as the basis for the 1928 labor pay rolls, which is fixed at \$58,398,000,000.

If this is a fair and correct estimate of labor wages, applying the 8 per cent average decline in November, 1927, measured by the pay rolls of the 24 most important industries, it results in a shrinkage or loss to labor of \$4,715,040,000 from December, 1926, to December, 1927. It is a stupendous loss to labor in one year, and a great leakage from the prosperity gas balloon.

But this is not a fair average to labor losses. The 8 per cent and 6.6 per cent losses are an unfair yardstick. The 24 most important industries of the Nation did not feel depression like the smaller concerns of the country. The little fellow always gets hit first and hardest. His labor suffers most. If we knew the real facts, labor's loss was nearer \$10,000,000,000 during the comparative time than is shown in the record of the big operators.

#### THE BREAD LINE

But back to my subject. I read this newspaper item:

#### HUNGER STAGES A COMEBACK

NEW YORK, February 9.—For the first time since the winter of 1920 and 1921, a bread line has been established in the Bowery. Thousands of men are out of work, and the numbers are being constantly augmented. Last week the Bowery Mission fed 7,202 men, the Rev. John R. Henry said to-day. Other and similar organizations are active, and some of the social workers insist that a crisis is at hand. If severe winter sets in, suffering will be intense.

It has been handed down to us that—

the birds of the air have nests; the foxes of the earth have holes; but the Son of Man hath no place to lay his head.

New York City is composed of the sons of man, and verily they have no place to lay their heads.

Mr. Chairman, I am aware that things have not always been well under Democratic administrations. Yet, sir, this country has never witnessed a real panic except within or as inherited from a Republican administration. The panics of 1873 and 1897 were during Republican administrations, and the panic of 1893 came in a Democratic administration, but that panic dropped into the lap of the Cleveland administration from the Harrison Republican administration, just as darkness falls from the storm clouds to the face of the earth. I have heard from the stump and in this House the story of the panic of 1893. We have been chided with the soup houses and the bread line and "over the hill to the poorhouses."

Mr. SIMMONS. Mr. Chairman, will the gentleman yield?

Mr. ESLICK. Not now. Let me proceed. Let me say we had a hard condition then.

Hard times came to us in a Democratic administration. This unwelcome visitor was knocking at the door when the Demo-

cratic administration came into power March 4, 1893. That was a serious time indeed. Democrats marched from the bread line "over the hill to the poorhouse." But they did it with brave hearts and unfaltering faith. They looked the world in the face, poor but honest, conscious of no wrong, and with the greatness of self-respect. [Applause.]

Democratic administrations gave to the United States the most constructive legislation our history records. It gave to the world its greatest banking system—the Federal reserve bank, the Federal land bank, the intermediate credit bank—a great system. And had it not been for these—children of progressive democracy—business would have been wiped from the face of the earth in 1920 and 1921.

Yet with this great Democratic inheritance, nearly seven years after our return to normalcy by the Republican route, the bread lines are here; the soup kettle is on. This administration must put the salt and pepper in the broth, for it bears the Harding-Coolidge label. [Applause.]

Mr. UNDERWOOD. Will the gentleman yield?

Mr. ESLICK. Yes.

Mr. UNDERWOOD. While the gentleman is touching upon the subject of soup houses, I desire to say that a few days ago I received a telegram from the treasurer of the Perry County Chapter of the American Red Cross at New Lexington, Ohio, stating that hundreds of children in that county were without food and clothing. I might add that in our State thousands of women and little children are facing actual want and starvation. Something like 75 soup houses have recently been established by the Governor of Ohio under the supervision of the National Guard, and they are giving approximately 5,000 little children one meal a day in order to prevent them from starving.

Mr. ESLICK. I thank the gentleman from Ohio for this statement. Let me say that when our brethren of the opposite party start over the hill to the poorhouse, they will find the present path hard to travel. They will find it slick and slimy, bespattered with the oil taken from the public lands. It was put there by and through the corruption, bribery, and prostitution of men high in public places. [Applause.] That pathway will have some markers on the mile posts. The names of one-time great officials, Cabinet officers, and of oily multimillionaires will point the way. One of them will have written on it the name of Fall, another Doheny, another Daugherty, and still another Sinclair. A great Senator, a great Democrat, a great American citizen, has caused the latter-day eleventh commandment, "Thou shalt not get caught," to be violated. It has been broken. It is shattered. Foul odors still linger. The private buccaners and public plunderers have been caught.

Mr. SIMMONS. Will the gentleman yield?

Mr. ESLICK. Yes.

Mr. SIMMONS. How many unemployed did the gentleman state there were in the city of Washington?

Mr. ESLICK. I have heard it stated as high as 65,000, but the best information I can get is 35,000.

Mr. SIMMONS. Is the gentleman's other information as reliable as that?

Mr. ESLICK. Well, sir, I have gotten it from the best news-gathering agencies of the country, a part of it from your own departments here in Washington.

The gentleman from Nebraska [Mr. SIMMONS] offered to read a newspaper report. I know what the gentleman is going to read. He is going to read from the Washington Post of this morning, and that bears out what Abe Martin says, "Do not believe what you read in the newspapers"; but you "kin" stick your hands down in your pocket. [Applause.]

Mr. SIMMONS. May I read to the rest of the membership of the House the thing that the gentleman does not want me to read?

Mr. ESLICK. No; I can not let the gentleman read that in my time, because I have too many brickbats on hand to throw at you. [Applause.]

Mr. CONNALLY of Texas. That paper is owned by a gentleman who was also involved in this slippery oil transaction to which the gentleman referred a moment ago. [Applause.]

Mr. ESLICK. I thank the gentleman from Texas. This is true.

I want to say a word about the United States Department of Labor and its Bureau of Statistics. In to-day's paper I see an article headed "Davis sees gain in unemployment." He says:

We have unemployment in the country. Everyone knows it. Why not admit it? As to the total number of people now unemployed, a number of estimates are going the rounds. My own guess is that these are somewhat exaggerated. The Department of Labor is now gathering figures to show what the unemployment total is, and as soon as these figures are ready the public shall have them.



Has it not always been the duty of the Department of Labor, and especially the Bureau of Labor Statistics of that department, to gather these statistics? Why have they not been gathered year by year? I have made faithful effort with the Department of Labor to get figures as to the unemployment in the country that I might be able to make statements at first hand and with the best—and what should be the most correct—available information. Certainly it is a very late hour that the department is gathering figures as to unemployment. The unemployed have grown in numbers for some time. Everybody knows this. I wrote the Department of Labor, Bureau of Statistics, asking for information of the unemployed in the country as of January 1 and February 1, 1926 and 1927, and in several cities. As late as February 7, 1928, the Commissioner of Labor Statistics writes me:

I have your letter of February 6, and in reply to same will state that this bureau has no record of idle or partially unemployed men for the dates you mention or for any other date.

This bureau, which should have gathered correct information is prolific for what it does not know or fails to let the country generally know. This bureau is being maintained with the public money, to gather information of this kind, and if it can not be obtained and will not be given to the Representatives of the people, then this bureau should be abolished or the appropriation withheld from it.

#### TEXTILE BUSINESS

I take it that it is unnecessary to make the statement that the textile mills were not as prosperous in 1927 as in the preceding year. The President, in his message, spoke of the great prosperity of the country, with only a few unfavorable spots. For a few moments let us visit his home State. From one of the newspapers I took a clipping headed "Mills to cut wages." It came from the great textile center of Fall River, Mass., and was dated January 20. It reads:

The Fall River Cotton Manufacturers' Association last night notified the textile council that a 10 per cent wage reduction would be put into effect January 30 at all mills operated by members of the association.

The 3d day of this month I picked up the morning paper and saw a headline:

Fire ravages Fall River—Flames start in idle textile plant.

And further down in the article I read of the great losses of the fire, adding this significant sentence:

On top of the industrial depression which was already being felt here, the blow was the most disastrous in the history of Fall River.

The President's own State is heard from at Salem, where the Naumkeag Mills, cotton manufacturers, and its subsidiary, the Danvers Bleachers, in Peabody, suspended operations on February 6. In Rhode Island, on February 2, it was reported that the Lonsdale Co., of Pawtucket, one of the oldest cotton-manufacturing firms in Rhode Island, announced the shutdown of the Ann and Hope Mills, due to poor business. The No. 4 mill of the same company closed the week before—suspension indefinite. In normal times nearly 1,000 operatives are employed in the two mills.

Passing from the closing down of specific mills, I want to quote from a man who knows the New England situation, and is familiar with the conditions of the textile industry in the President's home State. I quote from a speech of the junior Senator from Massachusetts, DAVID I. WALSH, delivered in the Senate February 3, 1928:

Mr. President, I will say to the Senator from Utah that it is impossible for me to give an accurate statement of the number of factories that have been closed in the immediate past. I am frank to state, however, that if the figures were available they would be startling. A very large number of factories have been closed, and an exceedingly large number are running on reduced time. I have seen statements to the effect that the textile industry is running at a production for more than a year of about 40 to 60 per cent of normal conditions. Unemployment, I regret to say, is widespread, and the situation in the textile communities throughout New England and northern New York is very bad, indeed.

Again, he says:

I can not find words to impress upon the Senate that very many of the textile industries, a large percentage of them, particularly cotton, although it includes the woolen also, are passing through a grave financial depression. The situation is most deplorable. I know not the precise words that would indicate the real condition. It is a regrettable situation—unemployment widespread, wages reduced, and the future outlook far from encouraging.

#### STEEL AND IRON

I have succeeded in getting reports on only six of the steel and iron corporations of the country; that is, as to the income before fixed charges. But I have been unable to get the total earnings or revenues for the year 1927. However, I think these are fairly representative. The United States Steel Corporation, the biggest of them all, the steel octopus, had a total revenue of \$1,508,076,000 in 1926; I have no information as to its total revenue for 1927. It had a net revenue or earnings in 1926 of \$199,005,000; for 1927 its net earnings were \$164,247,000, or a loss in net revenue in 1927 of \$34,758,000.

Jones & Laughlin Steel Corporation, the third largest in the United States, had \$15,149,994 net income in 1926, with \$11,238,939 income for 1927, or a net decline of \$3,910,985 last year.

The Bethlehem Steel Corporation, and a very large organization, had \$304,362,000 gross sales and earnings in 1926. No report has been made of gross earnings for 1927. Its net revenues or earnings for 1926 were \$45,405,000, and in 1927, \$40,379,000, or a loss last year of \$5,159,000.

The Republic Iron & Steel Co. for 1927 had a net income of \$3,018,282, with \$5,065,022 return in 1926, or loss in income of \$2,046,940, or approximately 40 per cent decline in revenues.

Two companies reporting income before fixed charges show a loss. The A. M. Byers Co. in 1926 had \$1,466,000 income and in 1927, \$1,377,000, or a loss of \$89,000. The Pittsburgh Steel Co. in 1926 had an income of \$2,909,000 and only \$2,438,000 in 1927, or a loss of \$461,000. The loss in net revenues in the steel industry runs from a small percentage to 40 per cent, in round numbers, during the year 1927. The largest and strongest steel company in the world sustained the enormous loss in net revenues of \$34,758,000. Yet despite this large reduction in profits for the year 1927, United Steel common on the New York Stock Exchange went to the highest values in its history. Its earnings were down 20 per cent; its speculative value advanced greatly. It simply shows that prosperity on the exchange is not measured by earnings. It is not a real but a fictitious or speculative value.

#### AUTOMOBILES AND ACCESSORIES

The automobile is playing a conspicuous part in the business life of the Nation. If any line of industry should make money, this line of trade should make it—and its allied interests, trucks and the manufacturers of automobile parts and accessories. But few of the manufacturers of automobile trucks and parts have submitted reports for 1927 now available. Of course, it is not fair to charge the failure of the Ford people to make the same dividends last year as in preceding years, because his cars were in the formative stages from the old tin Lizzie to the new car. The report of Dodge Bros. shows that the net sales of this company in 1927 were \$173,581,526, as against \$252,997,434 for 1926, or a net loss of \$79,415,910 in volume of sales.

Of five companies showing the income before fixed charges and reporting, two of the five show profit. The Hudson Motor Car Co. for 13 months ending December 31, 1926, shows \$5,373,000, as against the 1927 earning of \$14,431,000. The Indian Motorcycle Co. shows an earning for 1926 of \$212,000, as against \$256,000 for 1927. The Marmon Motor Co. shows an earning for 1926 of \$1,670,000, as against \$1,240,000 in 1927.

The Nash Motor Co. shows for 1926 \$23,346,000 as against \$22,671,000 in 1927. The Packard Co. shows \$15,844,000 in 1926 and \$11,743,000 in 1927. The reports on automobile parts and accessories show incomes before fixed charges of C. G. Spring & Bumper Co. for 1926 \$548,000 and for 1927 \$319,000. The Continental Motor Corporation shows the earnings of 1926 to be \$2,569,000 as against \$1,756,000 for 1927. The Martin-Parry Corporation's earnings of 1926 was \$518,000 and a deficit of \$5,000 for 1927. The A. O. Smith Co. shows a profit in 1927, its earnings being \$3,946,000 as against \$2,029,000 for 1926.

#### OIL COMPANIES—COAL AND COKE

I have tried to get the correct information to make comparisons of the volume of business and earnings of a number of the big oil companies like the Standard Oil Co. of New Jersey, the Standard Oil of Louisiana, Gulf Refining, and others. I have been able to get only one really large and two fairly large companies—the Standard Oil Co. of New York, Marland Oil Co., and the Prairie Oil & Gas Co. The Standard Oil Co. of New York had a net income of slightly over \$16,000,000 in 1927. It had \$32,776,502 income in 1926, or twice as much as last year's returns. The Marland Oil Co.'s gross earnings for 1926 were \$77,608,000 as against gross earnings in 1927 of \$56,322,000, and

after giving effect to reduction in its crude oil inventories it showed a net deficit of \$2,794,928. The Prairie Oil & Gas Co. will show net earnings of \$2,500,000—slightly over \$1 per share—for 1927, as against \$15,968,000, or \$6.62 a share, for 1926.

I have also tried to get figures on the big coal and coke companies like the Consolidation Coal Co., the Glen Alton Co., and others. The only information that I am able to get is on the Leigh High Coal & Navigation Co. And this is a pretty sad commentary. The net income of this company after the payment of all taxes and charges against it in 1926 was \$4,177,446. Its net income for the year 1927 was \$2,932,000, or a falling off of \$1,245,446.

Probably in summing up the returns of the various lines of business and industry throughout the country to ascertain whether there is a genuine prosperity it would not be fair to charge the losses arising in the coal industry against a general prosperity, because this line of business has had serious and unfortunate troubles with labor.

#### Railroads

[Compiled from monthly reports January 1–December 31, as reported to the Interstate Commerce Commission]

(Dollars in hundreds omitted)

Railroad	Gross operating revenue		Net operating income		Gross income (including income from other sources)		Net income	
	1926	1927	1926	1927	1926	1927	1926	1927
New York Central.....	\$399,538	\$385,047	\$72,158	\$62,228	(1)	(1)	(1)	(1)
Pennsylvania.....	709,817	664,851	106,433	103,977	(1)	(1)	(1)	(1)
Union Pacific.....	205,416	203,892	42,100	39,483	(1)	(1)	(1)	(1)
Missouri Pacific.....	133,990	125,728	20,334	16,899	\$23,955	—	\$8,632	\$4,401
Atlantic Coast Line.....	97,158	80,453	17,559	10,274	(1)	(1)	(1)	(1)
Southern Railway.....	155,468	147,639	35,529	32,765	41,386	\$39,588	23,597	21,700
Louisville & Nashville.....	147,313	144,605	27,073	23,877	(1)	(1)	(1)	(1)

<sup>1</sup> Estimated gross and net income only are available at present for these railroads.

The Illinois Central runs for a thousand miles through the rich Mississippi Valley. At the close of the year 1927 it had only \$12,131,871 available for dividends, a decrease of \$5,018,527 compared with funds available for dividends in 1926.

W. B. Story, president of the Atchison, Topeka & Santa Fe, says that he does not expect earnings for the first half of 1928 to be as large as a year ago.

Robert L. Nutt, chairman of the Seaboard Air Line Co., declares that the outlook for the current year is favorable, and predicts larger earnings, but he said the Seaboard Air Line's earnings, along with the earnings of other railroads of the country, showed a decline in 1927. He predicted future earnings upon the heavy movement of vegetables, citrus fruits, and phosphates. The vegetable and fruit crops of the South were destroyed in part, or as a whole, by the heavy freezes. His hope of greater revenue is doubtless blasted. Freight traffic on this line was 14.5 per cent lower in January, 1928, than in January, 1927—176,012 cars January, 1928, as against 205,806 last year.

The total car loadings of class 1 railroads in 1926 were 53,098,819 cars. In 1927 the same roads carried 51,714,302 cars. This shows a decline of 1,384,517 cars. And a further decline in railroad haulings, the week of December 31, 1927, revenue freight amounted to 679,600 cars, or a drop of 149,406 cars compared with the preceding week, and 54,631 cars against the same week in 1926. Miscellaneous freight loads for the week total 237,000, a decrease of 10,036 cars compared to the corresponding week of 1926. Showing the various items, there was a loss in shipments of coal of 29,885 cars; grain and grain products, an increase of 743; in livestock a decrease of 614; in merchandise and less than carload lots a decrease of 6,140; a decrease in forest products of 3,132 cars; a decrease in ore of 2,886; coke, a decrease of 1,761, as stated by the American Railway Association. It also makes the statement that the loading of revenue freight on the railroads for the week ending January 28, 1928, aggregated 902,832 cars, an increase of 18,737 over the preceding week, but a decrease of 4,147 cars as compared with the corresponding week in 1927.

Class 1 railroads for the first 11 months of 1927 had gross earnings of 3.3 per cent less than in the corresponding months of 1926. Operating expenses declined 1.6 per cent, and the net operating income of these roads was down 10.8 per cent. In plain English, the operating income of class 1 railroads for the first 11 months of 1927 was off one-tenth of the operating income for the preceding year.

#### TELEGRAPH COMPANIES

The Western Union Telegraph Co.'s operating revenue for 1927 was about \$250,000 less than in 1926. The Pacific Telegraph & Telephone Co. had about the same reduction in operating revenues in 1927 as against 1926.

#### RAILROAD EARNINGS

The greatest prosperity of the country has been with the stock exchange. Then it has been claimed that the railroads were extremely prosperous in 1927. But 1927 compared to 1926 shows the railroads did not measure up and have received less gross as well as net operating income. I am able to get the reports of but a few of the larger railroad systems of the country, but I am inserting a table showing both the gross operating revenue and the net operating income of seven of the big railroad systems of the country. These are scattered in the East, the West, and the South. This table was compiled for me by the Standard Statistics Co., of 200 Varick Street, New York City. It omits the three last naughts in each instance, showing millions and thousands, omitting the hundreds:

#### LUMBER

Building throughout the country is at a standstill compared to the active and vigorous years behind us. Take the timber industry and lumber market—it is practically dead. I know by a limited personal experience in this business and after talking to lumber and timber men that lumber and timber are badly off. The better grades of hardwood lumber in the rough which a year ago were selling from \$40 to \$60 a thousand are now bringing from \$22.50 to \$35 per thousand. Bill lumber, or "bill stuff," as it is called by the lumber people—the rougher and cheaper lumber cut to order for railroad purposes—which brought \$28 to \$30 a thousand in the early part of 1926, is a drag on the market at \$18 to \$20 per thousand now. Cross-ties, first-class oak ties, were bringing \$1.25 to \$1.40 a year ago, and are now worth from 70 cents to 85 cents.

#### MISCELLANEOUS BUSINESS

I can not go into detail in the various lines of business nor handle all the lines of industry, but only to mark out enough in the different classes, the pointers, to show the real conditions. "Charity begins at home." The income of the Washington Gas Light Co. for the year 1927 was \$142,955.43 less than in 1926.

Going to the West, the Butte Copper & Zinc Co. for 1927 fell to \$58,309 as against an earning of \$194,524 for the year of 1926.

In our neighboring city of Baltimore the directors of the United States Railway & Electric Co. failed to pay the quarterly dividend of 1 per cent, or 50 cents a share, which in the orderly course would have been declared on February 15. The reason assigned by the president was that the dividend was not fully earned. The surplus for 1927 was only \$1.17 a share, when the dividend disbursement calls for \$2 per share. In 1926 the company earned its dividend plus \$196,606. In 1927 it lacked \$136,448 of earning its dividend, a difference of \$332,054 in favor of the 1926 earnings.

Showing the lack of business and business activity, a Baltimore news item of February 4 says that business on the stock exchange at Baltimore—

since the first of the year has dropped to comparatively unimportant proportions. Individual transactions are for the most part small, and few issues figure in the sales. There is an absence of that aggressive buying which marked deals a few months ago and which carried prices up to the highest levels ever attained. Even the surety companies have failed to respond to the excellent statements of earnings put out.



The Gould Coupler Co. had net profits of \$52,118 for 1927, or equal to 30 cents a share on class A of its stock, which in 1926 it had \$191,669 in earnings, or \$1.09 a share. The earnings of 1927 were \$147,551 less than the preceding year. The last, or fourth quarter of 1927, showed a net loss of \$101,102 to this company.

As of February 10, the Sharon Steel Hoop Co.'s statement shows for 1927 nearly a 60 per cent loss compared with 1926. Its net profit for 1927 was \$555,518, or \$1.65 a share, as against \$1,381,715, or \$4.54 a share, in 1926.

The Canada Dry Ginger Ale (Inc.) had an income of \$2,350,000 in 1926 and \$1,736,298 in 1927, or loss of \$613,702 for last year—approximately 25 per cent.

La Coty (Inc.) (powder and perfume) in 1926 had \$3,341,189 income, and in 1927 had the smaller income of \$2,043,484, or a loss of \$297,705.

Under miscellaneous manufacturing I find in the group given by Standard Statistics (Inc.) a list of corporations giving income before fixed charges:

	1926	1927	Loss in 1927
Glidden & Co.	\$2,378,000	\$2,205,000	\$173,000
Morgan Lithograph Co.	562,000	461,000	101,000
Liquid Carbonic Co.	1,416,000	1,075,000	341,000
Pullman (Inc.) <sup>1</sup>	16,297,000	9,675,000	6,604,000

<sup>1</sup> The Pullman report for 1927 is for 11 months only.

This same company, under machinery and machine equipments for 1926 and 1927, and on the same basis of income gives these results:

	1926	1927	Loss in 1927
Torrington & Co.	\$1,545,000	\$1,537,000	\$8,000
American Type Founders Co.	1,309,000	1,118,000	201,000
Mergenthaler Linotype Co.	2,625,000	1,803,000	822,000

The Baldwin Locomotive Works, the largest of its kind, had an income of \$5,883,907 net income in 1926, and \$2,442,199 in 1927—a net decline in revenues in 1927 of nearly 60 per cent, or \$3,441,708.

#### BANK FAILURES

I shall discuss one more line of business and then I am through. I want to talk about the banking condition and sit-

uation from the beginning of 1914 to the first of 1928. The bank is to business, trade, and commerce what the heart is to the human body. As the human heart takes in and pulses through the body the blood of life, so do the banks take in money, the liquid assets, and dispense credit throughout the Nation, through its different arteries and channels of trade.

Nineteen hundred and fourteen saw the beginning of the World War, the bloodiest tragedy in human history. Depression hit the country in the summer of 1914 and the early part of 1915. Yet the bank failures or disasters of the period from 1914 to 1920, both inclusive, are not comparable to the disasters of the seven years beginning with 1921. From 1914 to 1920, both inclusive, 227 State commercial banks failed or suspended with liabilities of \$43,537,000. During the same period of time 19 State savings banks, with liabilities of \$17,254,000 suspended. There were 34 State loan and trust companies to go to the wall with \$20,248,000 liabilities. Private banks to the number of 113, with liabilities of \$45,069,000, also failed. Sixty-three national banks, with \$35,608,000 liabilities, failed. So during the years of 1914 to 1920, both inclusive, of all kinds and character of banks in the United States, there were 456 failures or suspensions, with liabilities of \$161,716,000. This was the low-water mark for seven years, considering the fact that one heavy depression, due to the World War, hit us in the latter part of 1914 and the early part of 1915. This was due solely to the World War situation.

Permit me to turn now to the most appalling condition and the unequaled record of bank failures, not only in the history of our country, but in the history of the world. I speak from the record of the bank suspensions and failures for the years 1921 to 1927, both inclusive; I have before me a table of the number of bank suspensions and liabilities involved in the United States from 1920 to 1927, inclusive, the source being Dun's Review. This table of cases is not only by years, with the number of bank failures or suspensions and the liabilities, but I have had it prepared for the several sections of the country in the grouping of the States.

I am omitting from this argument the year 1920. This was included in the seven years just referred to and was under the Wilson administration. It is true that the Wilson, or Democratic, administration extended two months into 1921, but we take up the thread of the story in the first year of the Harding administration and bring it down to the first of the present year.

I ask permission to insert this table in the Record as a part of my remarks:

Number of bank suspensions and liabilities involved in the United States from 1920 to 1927, inclusive

[Source, Dun's Review]

States	Number, 1920	Liabilities, 1920	Number, 1921	Liabilities, 1921	Number, 1922	Liabilities, 1922	Number, 1923	Liabilities, 1923
<b>NEW ENGLAND</b>								
Maine							1	\$510,000
Vermont	1	\$200,000						
Massachusetts	6	26,828,000	2	\$15,100,000			1	292,295
Connecticut			1	1,522,245	1	\$263,787		
Rhode Island							1	1,150,000
Total	7	27,028,000	3	16,622,245	1	263,787	3	1,952,295
<b>MIDDLE ATLANTIC</b>								
New York	3	109,000	2	12,416,471			4	16,629,000
New Jersey					2	150,000		
Pennsylvania			3	1,687,000	4	1,444,883	5	5,620,000
Total	3	109,000	5	14,103,471	6	1,594,883	9	22,249,000
<b>SOUTH ATLANTIC</b>								
Maryland	1	50,000	5	898,826	3	390,000	3	296,000
Virginia	1	300,000	4	620,000	4	181,200	3	710,000
West Virginia			1	450,000	1	500,000		
North Carolina	1	50,000	11	1,065,885	3	685,000	16	5,242,415
South Carolina	3	889,400	5	3,753,905	10	5,502,753	8	3,775,238
Georgia	15	1,410,000	40	10,478,937	12	2,710,000	6	1,085,000
Florida	1	300,000	6	3,226,000	5	822,000	3	1,895,612
Total	22	2,999,400	72	20,493,553	38	10,790,953	39	12,985,265
<b>SOUTH CENTRAL</b>								
Kentucky			3	315,000	2	510,000	4	712,660
Tennessee			3	1,600,000	1	276,000	3	1,570,123
Alabama			1	1,400,000			2	245,000
Mississippi			3	4,792,119	9	1,369,221	2	200,000
Arkansas	5	2,070,000	2	100,000	5	1,442,789	3	605,400
Oklahoma	3	400,000	13	4,588,339	26	9,680,255	34	9,454,521
Louisiana			5	417,990	5	1,152,694	3	590,000
Texas	10	1,527,000	48	24,724,168	17	2,923,509	13	4,321,525
Total	18	3,997,900	78	37,937,586	65	17,353,468	64	17,699,229

Number of bank suspensions and liabilities involved in the United States from 1920 to 1927, inclusive—Continued

States	Number, 1920	Liabilities, 1920	Number, 1921	Liabilities, 1921	Number, 1922	Liabilities, 1922	Number, 1923	Liabilities, 1923
<b>CENTRAL EAST</b>								
Ohio.....	1	\$2,200,000	1	\$223,237			6	\$1,951,623
Indiana.....	2	800,000	4	511,391	5	\$652,000	5	1,970,117
Illinois.....	5	335,000	9	6,006,673	2	120,129	3	1,165,212
Michigan.....	1	103,000	5	1,256,413	1	50,000	3	1,323,100
Wisconsin.....							9	1,572,616
Total.....	9	3,438,000	19	7,997,714	8	822,129	26	7,982,668
<b>CENTRAL WEST</b>								
Minnesota.....	3	570,000	13	3,669,413	14	3,334,613	34	13,481,570
Iowa.....	4	1,038,000	17	3,075,230	7	1,746,496	30	11,550,212
Missouri.....	3	250,000	15	2,390,183	13	4,557,796	25	6,211,618
North Dakota.....	30	5,681,000	35	8,456,159	6	1,521,445	130	32,025,284
South Dakota.....	1	100,000	1	316,373	6	1,752,622	33	8,990,540
Nebraska.....	3	390,000	27	8,280,863	21	5,409,000	11	3,095,617
Kansas.....	2	725,000	11	3,246,025	18	5,405,445	28	6,956,800
Total.....	46	8,754,000	119	29,434,246	85	23,727,417	291	82,311,641
<b>WESTERN</b>								
Montana.....	1	100,000	12	5,319,954	31	9,149,000	76	33,364,750
Idaho.....	1	75,000	22	12,698,048	8	2,085,000	11	5,165,217
Wyoming.....	1	350,000	6	857,000	2	450,000	8	2,027,300
Colorado.....	5	2,709,000	10	1,348,593	7	2,199,448	18	6,245,410
New Mexico.....			5	1,185,085	3	241,382	12	6,355,781
Arizona.....	2	75,000	8	4,976,614	4	2,124,931	8	2,961,550
Utah.....			6	1,716,496	2	216,147	2	926,000
Nevada.....					1	138,305		
Total.....	10	3,309,000	69	28,101,790	58	16,604,213	135	557,046,008
<b>PACIFIC</b>								
Washington.....			10	8,423,177	5	906,622	4	616,212
Oregon.....	2	600,000	6	3,167,857	5	4,897,079	7	895,720
California.....	2	475,000	2	1,567,916	5			
Total.....	4	1,075,000	18	13,158,950	15	6,578,701	11	1,511,932
Total, United States.....	119	50,708,300	383	167,849,555	276	77,735,551	578	203,738,038
States	Number, 1924	Liabilities, 1924	Number, 1925	Liabilities, 1925	Number, 1926	Liabilities, 1926	Number, 1927	Liabilities, 1927
<b>NEW ENGLAND</b>								
New Hampshire.....			1	\$1,075,000				
Connecticut.....	1	\$2,700,000	1	180,904				
Rhode Island.....			1	143,800				
Total.....	1	2,700,000	3	1,399,704				
<b>MIDDLE ATLANTIC</b>								
New York.....	4	640,000						
Pennsylvania.....	2	600,000	8	12,106,238	3	\$925,000	3	\$1,887,759
Total.....	6	1,240,000	8	12,106,238	3	925,000	3	1,887,759
<b>SOUTH ATLANTIC</b>								
Maryland.....	1	5,000	3	630,500			2	3,735,400
District of Columbia.....	3	103,000						
Virginia.....	4	305,500			3	\$912,100	5	2,079,200
West Virginia.....	1	175,000	3	315,000			10	4,010,779
North Carolina.....	7	2,326,000	13	3,150,581	5	2,206,100	11	2,290,350
South Carolina.....	19	2,079,555	33	8,936,946	11	2,200,500	5	450,600
Georgia.....	20	2,361,980	22	5,499,897	88	21,093,510	13	29,809,150
Florida.....	3	48,900			43	44,647,261		
Total.....	58	7,405,945	74	18,532,924	150	71,059,471	46	42,375,470
<b>SOUTH CENTRAL</b>								
Kentucky.....	7	1,259,016	3	287,000	5	1,087,800	5	1,385,300
Tennessee.....	7	3,111,258	3	2,302,829	5	1,565,760	6	1,617,700
Alabama.....	7	1,025,000	1	20,757			2	3,084,887
Mississippi.....					4	1,489,850	5	105,000
Arkansas.....	9	2,204,191	4	3,319,700	14	4,390,918	11	4,049,970
Oklahoma.....	41	8,086,455	14	6,597,084	14	9,391,675	12	1,689,330
Louisiana.....	2	53,269	1	100,000				
Texas.....	21	7,189,433	35	10,496,975	21	4,678,930	23	7,470,550
Total.....	94	22,928,622	61	23,124,345	63	22,604,933	64	19,402,737
<b>CENTRAL EAST</b>								
Ohio.....	6	222,426			2	1,900,000	9	2,177,600
Indiana.....	1	423,200	6	1,310,072	4	1,100,000	17	11,580,920
Illinois.....	4	975,000	1	180,000	5	3,650,600	11	4,365,700
Michigan.....	4	120,178	1	191,000	3	395,000	1	250,000
Wisconsin.....	2	575,934	3	646,270	5	1,525,800	5	1,310,660
Total.....	17	2,316,738	11	2,327,342	19	8,571,400	43	19,684,880
<b>CENTRAL WEST</b>								
Minnesota.....	42	21,974,235	39	16,396,572	66	21,044,650	46	9,895,260
Iowa.....	54	23,456,034	63	22,979,870	84	35,405,190	34	14,164,010
Missouri.....	29	7,994,780	22	2,933,487	36	9,988,210	27	5,125,300
North Dakota.....	50	10,015,361	31	5,150,000	32	6,485,756	24	4,758,660
South Dakota.....	99	40,869,257	62	18,705,384	86	23,059,244	21	4,542,350
Nebraska.....	14	4,749,548	8	1,410,000	5	950,000	14	3,640,700
Kansas.....	16	3,596,412	14	2,426,974	33	5,413,725	30	5,035,290
Total.....	304	112,655,627	239	70,022,287	342	102,348,775	196	47,161,510



Number of bank suspensions and liabilities involved in the United States from 1920 to 1927, inclusive—Continued.

States	Number, 1924	Liabilities, 1924	Number, 1925	Liabilities, 1925	Number, 1926	Liabilities, 1926	Number, 1927	Liabilities, 1927
<b>WESTERN</b>								
Montana.....	45	\$18,397,371	16	\$3,677,000	6	\$535,000	2	\$284,600
Idaho.....	6	3,713,843	8	4,885,000	3	790,000	6	2,375,300
Wyoming.....	28	13,047,334	4	600,000	1	15,000	1	235,000
Colorado.....	10	716,482	15	17,504,000	8	1,282,420	5	555,200
New Mexico.....	24	13,510,586	10	4,325,728	1	150,000	1	125,000
Arizona.....	2	1,131,822	3	3,371,897	1	175,000		
Utah.....	1	321,061	2	295,000	1	321,000	2	375,000
Total.....	116	50,838,499	58	34,658,631	21	3,238,420	17	3,850,100
<b>PACIFIC</b>								
Washington.....	12	2,253,775	6	1,992,045	1	200,000	8	4,288,600
Oregon.....	3	457,000	3	455,000	6	1,492,000	12	3,242,490
California.....	2	130,000	1	100,000	3	1,635,000	5	1,455,300
Total.....	17	2,840,775	10	2,527,045	10	3,327,000	25	8,986,390
Total, United States.....	613	202,926,206	464	164,698,516	608	212,074,999	394	143,348,846

This is a staggering and an appalling record of bankruptcies and ruin in the banking world. The record by years as to the number of failures and liabilities is as follows:

Year	Number of failures	Liabilities
1921.....	383	\$167,849,555
1922.....	276	77,735,551
1923.....	578	203,738,038
1924.....	613	202,926,208
1925.....	464	164,698,516
1926.....	608	212,074,999
1927.....	394	143,348,868

A total liability during these seven years of \$1,164,840,621, with 3,296 the total number of bank failures. I challenge world history for a comparison with this picture of wreck and ruin and disaster in the finances of this or any other nation. I fail to find it, for there is no other period of time which has brought so much grief and sorrow to the banking world.

Let us take this record in another way. Let us group the States in the several sections of the country and see what the result is for the same seven years.

Group of States	Number of failures	Liabilities
New England.....	11	\$22,938,031
Middle Atlantic.....	40	54,105,351
South Atlantic.....	477	183,645,581
South Central.....	489	161,050,920
Central Eastern.....	143	49,702,861
Central Western.....	1,576	467,661,503
Western.....	474	194,337,661
Pacific.....	86	31,399,703

Let us make another comparison. The seven years of 1914 to 1921 had 456 failures of all kinds, with liabilities of \$162,000,000 in round numbers, and I shall give only the even figures. Four of the seven years from 1920 to 1928 each had a larger number of bank failures than the period of 1914 to 1921. The year 1921 fell short only 73 failures of equaling this whole period; 1922 had more than half as many failures; 1927 lacked only 62 of having as many failures as the first seven years' period given. In liabilities, the years 1921, 1923, 1924, 1925, and 1926 each had greater liabilities in its bank failures than the whole seven years under the Wilson administration; 1922 had nearly half as much liabilities; and 1927 lacked only \$28,000,000 of having as great liabilities as the seven-year period under Democratic administration; 1926 had nearly one and a half times as many failures and nearly one and one-half times as great liabilities as the whole seven years of the first seven-year period. We hit the trail of normalcy March 4, 1921, and it has not been an even record in the last seven years. Consistently throughout this period the number of bank failures and bank liabilities have grown in numbers and in amounts until it was climaxed in 1926 with 608 failures and \$212,074,999 in liabilities.

The burden of these unprecedented failures has fallen heaviest upon the people, or, rather, the class of people, least able to bear it; 94 per cent of the bank failures during these seven years were in agricultural States or parts of States supported by agriculture. If you will examine the map that constitutes a part of this record you will find that the agricultural and

stock-raising States are those which have borne the burden of this misfortune. If you will go further into an investigation and go to the States that are part industrial and part agricultural, you will find that the bank failures have largely been—and I may say almost wholly—in that part of the State where agriculture exists and is the support of the local bank. You may take the great agricultural States grouped as the Central West, and take it year by year, and the number of bank failures and liabilities total enormous losses. In 1921, from this group of States there were 119 failures with more than \$29,000,000 liabilities. In 1923 there were 291 failures with liabilities of more than \$82,000,000, more than half the amount of the whole Union during the seven years 1914 to 1921. And in 1924 these same States had 304 failures with \$112,000,000 losses, approximately three-fourths the record of the seven years just referred to. And in 1927 the failures were nearly half as great, with 239 failures and \$70,000,000 liabilities. In 1926 the climax was reached, with 342 failures and \$102,348,775 liabilities. These States alone in single years sustained losses from one-half to approaching three-fourths the loss of all the States of the Union from 1914 to 1921.

Let us now make a little further analysis or comparison. I have gone to the agricultural parts of the country for this comparison. I have taken one State from the West—Montana; one from the central West—Iowa; one from the south central group—Oklahoma; and another from the south Atlantic division of the country—Georgia. Georgia is the second largest cotton-producing State in the Union. From 1920 to 1928 these seven years in this great agricultural State show 201 bank failures, with liabilities of \$73,019,484. Forty per cent in numbers and about 45 per cent in liabilities in one State of the 48 States of the Union compared with the seven years of 1914 to 1921. Oklahoma is a great agricultural State in the south central group. It had in these last seven years 154 failures with \$49,487,659 in liabilities, one-third as many failures as the whole Union in the first seven-year period of time. Iowa in the central west group, the greatest corn State in the Union, had 289 bank failures with \$112,377,042 of liabilities. This great agricultural State had nearly 60 per cent as many failures with about 60 per cent the liabilities of the whole Union in the period of the preceding seven years before 1921. Montana is a great livestock and agricultural State. It is taken from the Western group. One hundred and eighty-eight failures, or in round numbers 40 per cent as many failures with liabilities of \$70,727,075, a little more than 40 per cent of the liabilities measured in dollars of all the States of the Union in the seven years, inclusive, of 1914 to 1920. Kansas, the greatest wheat State, had 150 bank failures with \$34,442,609 liabilities.

These five agricultural States in seven years had 984 bank failures, with \$340,053,869 liabilities, or more than double the number of failures and liabilities of the 48 States from 1913 to 1921.

In the face of this record in the last period of time, can it be said that there has been bank prosperity, and especially in the great agricultural sections of the land, which in point of territory measure from 65 per cent to 70 per cent of the area of this country? These are the facts, the undisputed record from Dun's Review, the greatest commercial agency in the United States. It would seem that any man crying a general prosperity would be ashamed to look a banker from the agricultural sections of the country in the face, and mention prosperity.

But to carry out Abe Martin's homely saying—the banker is not going to believe in the prosperity he reads about.

He has measured his own prosperity by putting his hand into the till of his own country bank in the agricultural section, and he finds that the money is not there, and that the much heralded prosperity for these seven years has not visited nor associated with the great agricultural people of the land.

#### BANKRUPTCY AND FAILURES

Let us go to the general business conditions of the country, as reflected by failures and the bankruptcy courts. I have before me Circular No. 15 by the United States Department of Agriculture, issued October, 1927, showing that 7,872 farmers bankrupted in 1925 and 7,769 in 1926.

I also have before me a statement from the Department of Commerce of date February 8, giving these tables:

First table

Business failures	Calendar years	
	1926	1927
Commercial failures.....	21,773	23,156
Bank failures.....	608	393

Second table

Forced sales of farms, years ended Mar. 15 (approximate figure)	1926	1927
Delinquent taxes.....	24,000	29,000
Foreclosure of mortgages, bankruptcy, etc.....	99,000	102,000
Total.....	123,000	131,000

Third table

Bankruptcies as reported by the Department of Justice, years ended June 30	1926	1927
New cases instituted.....	46,374	48,758
Number of cases concluded.....	47,777	48,269

The third table also shows that 7,777 farmer bankruptcy cases were concluded in 1926 and 6,314 in 1927.

I also have two other tables prepared by the Standard Statistics (Inc.). The first one is based on Dun's Review of January 14, 1928. It shows the number of business failures in the United States for the years of 1926 and 1927, with the liabilities for each, and the failures are classified.

The other table shows the bankruptcies, both voluntary and involuntary, in the United States, with the amounts of liabilities for the years 1926 and 1927, and the classification of the bankruptcies.

I ask permission to insert these tables as a part of my remarks. I am sure they will be instructive:

#### For the United States

[Source: Dun's Review, January 14, 1928]

	Number of failures		Liabilities	
	Year ending Dec. 30, 1926	Year ending Dec. 30, 1927	1926	1927
Business failures classified as below.....	21,773	23,146	\$409,232,278	\$520,104,268
(1) Manufacturing.....	5,395	5,682	158,042,016	211,504,826
(2) Trading.....	15,268	16,082	201,333,973	228,194,421
(3) Agents, brokers, etc.....	1,110	1,382	49,856,289	80,405,021

[Source: Report of the Attorney General, "Statistics of bankruptcy"]

Bankruptcies in the United States	Fiscal year ended June 30, 1927		
	Voluntary	Involuntary	Total
Class:			
Farmer.....	7,756	21	7,777
Wage earner.....	16,770	82	16,852
Merchant.....	8,232	3,675	11,907
Manufacturer.....	677	762	1,439
Professional.....	980	48	1,028
Other classes.....	6,093	1,611	8,304
Total.....	41,108	6,199	47,307
Total liabilities.....	\$505,894,188	\$300,418,805	\$806,312,992

#### For the United States—Continued

Bankruptcies in the United States	Fiscal year ended June 30, 1927		
	Voluntary	Involuntary	Total
Class:			
Farmer.....	6,297	17	6,314
Wage earner.....	18,494	74	18,568
Merchant.....	8,441	3,700	12,141
Manufacturer.....	721	678	1,399
Professional.....	1,167	54	1,221
Other classes.....	7,175	1,451	8,626
Total.....	42,295	5,974	48,269
Total liabilities.....	\$528,585,233	\$356,972,102	\$885,557,335

During the calendar year 1926 there were 21,773 commercial failures and 608 bank failures. In 1927 there were 23,146 commercial failures and 393 bank failures. The 48,758 bankruptcies instituted in 1927 carried with them liabilities of \$885,557,000, or \$80,000,000 more than the liabilities of 1926 bankruptcies. The bankruptcies of 1927 in liabilities were approximately \$505,000,000 more than all classes of failures and bankruptcies in 1917.

The 23,146 commercial failures in 1927 represented \$520,104,000 in liabilities; 1,373 more people failed in 1927 than in 1926, and represented \$111,000,000 more in liabilities as compared with 1926, an already bad year of Coolidge prosperity. This is the record, whether it be business fortune or misfortune, happiness or unhappiness, prosperity or failure.

Turn to the other side of the account, and while the hundreds of thousands have been losing their homes and going through the bankrupt mill, while tax sales and mortgage sales are being made, another class in America—the few of the millions, segregated in the great industrial and banking and insurance centers have been growing in wealth all the while. Frank H. Sisson, vice president of the Guaranty Trust Co. of New York, as to the number of millionaire estates his company has administered in the last five years, gives—

1923.....	48
1924.....	69
1925.....	107
1926.....	151
1927.....	169

One list is the antithesis of the other. As we have gone down the line from 1920, more people in numbers, with greater liabilities measured in money, have met their business fate in disaster and bankruptcy, while on the other hand, as represented in the administration of estates, the small class, representing the favored interests of the land—known as the millionaire colony—has had a large percentage increase, but insignificantly small in numbers compared to their less fortunate brothers in adversity and misfortune.

#### CONCLUSION

In conclusion, the President says, "We are at peace." Yes, abroad, except in Nicaragua, where we are teaching the natives the freedom of the ballot with bombs from the bombing planes. Where we are teaching the Nicaraguan the governmental lesson in the gunpowder doctrine that "Might makes right." [Applause.] Where we are shooting religion and morality into them with the machine gun. [Applause.]

Again the President says:

Wages are at the highest rate; employment is plentiful.

I wonder whether the President would look a coal miner in the face, and himself keep a straight face, and make this statement. I wonder if he would go among the factory workers in New England, especially in Massachusetts, and begin an address to the textile workers:

Fellow citizens of my home State, I congratulate you on your employment, the scale of wages you receive, and the great prosperity you are enjoying from your labors.

[Applause.]

Again he says:

Some parts of agriculture and industry have lagged.

Will the President, or the White House spokesman, point out that part of the great agricultural field where agriculture has not lagged? Where bankruptcy has not stood like a black ghost among the great producers of the real wealth of our country?

I quote again:

Some localities have suffered from storm and flood.

Yes, Mr. President, suffered as no people have heretofore suffered; and what has your administration offered to the flood sufferers in rehabilitation, except to try to put an additional



unbearable burden upon those already weighted down and hopelessly in debt?

Again he says:

But such losses have been absorbed without serious detriment to our great economic structure.

This was not the absorption of our bankruptcies and failures in 1927 aggregating \$885,000,000.

The climax of the last sentence of the first paragraph of the President's message to this Congress is:

If the people maintain that confidence which they are entitled to have in themselves, in each other, and in America, a comfortable prosperity will continue.

The people—the American people—do have an abiding confidence in themselves, in each other, and in America, because they are the king makers; the people are the Nation; they make and unmake Presidents and administrations. They have an abiding confidence in themselves, but not that comfortable prosperity will continue, because present-day prosperity is a special prosperity, blessing the few at the expense of the many. If this one-sided prosperity is to continue, the few are to become richer and the many still poorer. The country at large has had neither a comfortable nor a general prosperity.

There is more money in the United States to-day than ever before. It is not equitably distributed. Ninety per cent of it is owned by the smallest number of people and corporations than at any time in our history.

As a last word:

I have told you in mournful numbers  
Republican prosperity is an empty dream,  
For business is dead—it slumbers,  
And Coolidge economy is not what it seems.

[Applause.]

Mr. SIMMONS. Mr. Chairman, I yield myself one-half minute just to call the attention of the committee to the article on page 18 of this morning's Washington Post, in which a survey of the police department shows there are 6,518 unemployed in the city of Washington as against the estimate of the gentleman from Tennessee [Mr. ESICK] of 35,000 to 65,000, picked out of the air somewhere.

Mr. Chairman, I yield 20 minutes to the gentleman from Michigan [Mr. CRAMTON].

Mr. CRAMTON. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by inserting certain quotations from the trades and from officials.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

#### THE WET ASSAULT ON INDUSTRIAL ALCOHOL

Mr. CRAMTON. Mr. Chairman, there was a time when the trade using industrial alcohol in constantly increasing quantities looked upon prohibitionists as the natural foes of their industry. I encountered that feeling when a few years ago I undertook to secure the passage of legislation for the reorganization of the Prohibition Unit. That effort finally eventuated in the passage of the bill in the last Congress reorganizing the Prohibition Unit and customs service, a change that is to-day—although it was opposed in some quarters under a mistaken idea that it might present difficulties for industries—a change that is to-day most heartily approved by every representative of industry that then opposed it, and so far as those are concerned in the enforcement phase of the liquor problem it is likewise indorsed.

But at that time, speaking before the Committee on the Judiciary, I said:

Legitimate business does not need to fear effective enforcement of the eighteenth amendment. As Charles Edward Russell has recently pointed out, it was not fanaticism and sentimentalism that put over the eighteenth amendment, but sound, economic reasons. Prohibition aims to promote the interests of all legitimate industry, not to destroy. The idea of enforcement of the law must be made the first consideration and all lines of legitimate industry will benefit therefrom.

But the other day we had an example, a demonstration, of the real foes of legitimate industry that uses industrial alcohol, and from now on I think it will be clear to those who have their money invested in these great industries, those who have a responsibility for the proper conduct of those great industries, that their peril is not among the believers in prohibition—their peril is among those who are so fanatically opposed to the enforcement of the eighteenth amendment that they are willing to embarrass and imperil any industry in order to hamper the enforcement of the law. That blindfold leadership, we might

call it, that characterized the great wet assault the other day on the enforcement of the eighteenth amendment—this blindfold leadership that succeeded for the first time in several years in getting a roll call on the question of prohibition—succeeded in getting that roll call after they had personally invited and urged each and every one of their adherents to be here and vote with them.

Mr. BLANTON. Will the gentleman yield?

Mr. CRAMTON. I prefer not to yield just now.

Mr. BLANTON. The gentleman ought not to talk about them when they are not here.

Mr. CRAMTON. I see a few of them here.

Mr. BLANTON. The gentleman from New York [Mr. GRIFIN] is here, but the others are gone.

Mr. CRAMTON. Well, I may be under a delusion, but they may read my remarks.

Mr. SPROUL of Illinois. Will the gentleman yield?

Mr. CRAMTON. I will.

Mr. SPROUL of Illinois. Was it not a fact that many dry Members of this House helped to get that roll call in order to put the wets on record?

Mr. CRAMTON. I assume that is the fact. I was not here at just that moment, or I would have been glad to help if I had been here, because I have welcomed for the last several years, as a dry, any opportunity for a real showdown as to the sentiment in Congress. My observation has been that Congress, since the eighteenth amendment became a law and the Volstead Act went on the book—each succeeding Congress is a little dryer in sentiment than the one before, and a little more devoted to the law and its enforcement.

Mr. BLANTON. Will the gentleman yield?

Mr. CRAMTON. As I say, I would prefer not to yield now.

Mr. BLANTON. I agree with the gentleman that we are now dryer than the Congress before, but the gentleman ought not to talk about his "wet" colleagues when they helped him in the last Congress in passing the Hawley bill, which could not have passed at all in a dry Congress.

#### THE WET LINE-UP AGAINST INDUSTRIAL ALCOHOL

Mr. CRAMTON. Mr. Chairman, I will ask not to be interrupted until I have finished my remarks. I am not making a prohibition speech; I am not making a controversial speech; and the gentleman from Texas is apt to lead me into a controversy. I wish to finish the sentence that I started: This blindfold leadership selected the point of attack that they thought would be most effective—"the poisoning of liquor, the murder of drinkers"—and they succeeded in getting a roll call that showed that they had a total of 61 out of 435 Members in the House. The vote was 283 against 61 on the roll call. Here are the 61 who supported the Linthicum amendment, the text of which I will give a little later:

Yeas, 61: Auf der Heide, Beck of Wisconsin, Berger, Black of New York, Bloom, Boylan, Britten, Carew, Carley, Clancy, Cochran of Missouri, Cohen, Combs, Connolly of Pennsylvania, Corning, Cullen, Deal, De Rouen, Dickstein, Douglass of Massachusetts, Doyle, Drewry, Englebright, Fitzpatrick, Gallivan, Gambrell, Glynn, Griffin, Hancock, Irwin, Kading, Kahn, Lehlbach, Lindsay, Linthicum, McLeod, Martin of Louisiana, Mead, Merritt, Mooney, Moore of New Jersey, Niedringhaus, O'Connell, O'Connor of Louisiana, Oliver of New York, Palmisano, Peavey, Porter, Prall, Ransley, Sabath, Schafer, Schneider, Sirovich, Somers of New York, Spearing, Tatgenhorst, Tinkham, Ware, Welch of California, and Weller.

To realize how slim a showing was made by the wet bloc on the issue which they chose in their desire to show what strength they could muster on a roll call, it is to be noted that the 61 is less than one-seventh of the total House membership and less than one-sixth of those voting. The vote was almost 5 to 1 against the program of the organized wet bloc.

#### VOTE AGAINST INDUSTRIAL ALCOHOL FROM INDUSTRIAL CENTERS

How greatly the vote for a program that would have hampered, if not destroyed, industries came from the greatest industrial centers is shown by the following analysis of the vote, listing only those from cities of 300,000 population or more in the 1920 census:

New York City and Brooklyn, adjacent New York State, and adjacent New Jersey: Auf der Heide, Black, Bloom, Boylan, Carew, Carley, Cohen, Cullen, Dickstein, Fitzpatrick, Griffin, Lehlbach, Lindsay, Moore, O'Connell, Oliver, Prall, Sirovich, Somers, Weller—20.

Chicago: Britten, Doyle, Sabath—3.

Boston: Douglass, Gallivan, Tinkham—3.

Detroit: Clancy, McLeod—2.

Philadelphia: Connolly, Ransley—2.

Milwaukee: Berger, Schafer—2.

New Orleans: O'Connor, Spearing—2.

Baltimore: Linthicum, Palmisano—2.

St. Louis: Cochran, Niedringhaus—2.  
 San Francisco: Kahn, Welch—2.  
 Pittsburgh: Porter—1.  
 Kansas City: Combs—1.  
 Cincinnati: Tatgenhorst—1.  
 Buffalo: Mead—1.  
 Cleveland: Mooney—1.

Industry, take notice, such is the fanaticism of the wet bloc in their opposition to enforcement of prohibition, that of the 61 votes for their anti-industrial alcohol program, that would, if enacted into law, endanger many established businesses of magnitude in the great cities, such is the fanaticism of the radical wets that 45 of the 61 votes for that program came from our greatest industrial centers, cities over 300,000 population!

The other votes were distributed as follows:

Beck, Wisconsin; Corning, New York; Deal, Virginia; De Rouen, Louisiana; Drewry, Virginia; Englebright, California; Gambrell, Maryland; Glynn, Connecticut; Hancock, New York; Irwin, Illinois; Kading, Wisconsin; Martin, Louisiana; Merritt, Connecticut; Peavey, Wisconsin; Schneider, Wisconsin; and Ware, Kentucky—16.

In all, including these 16, only 15 States had any representation in that anti-industrial alcohol vote of 61. In no case was there the majority of the vote of the representation of a State cast for the Linthicum amendment. The vote may well be taken as reassuring to the industry, as well as demonstrating that the votes that menace them are right on industry's own doorstep.

Mr. LaGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. CRAMTON. Yes.

Mr. LaGUARDIA. That was not really a test on the dry sentiment of the House, was it?

Mr. CRAMTON. I am afraid the gentleman from New York is going to get me into a controversial argument.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. CRAMTON. No; I can not yield further, because I know that I would get into a controversy with my friend from Wisconsin. I can not even yield to my friend from Maryland, formerly a Member of this House, Mr. Hill, who happens to be present in the Chamber to-day, who, with all of his faults, never led the wets into any such quagmire as that roll call. Seriously, I want to speak about the interest of industry in what happened the other day, and what may be attempted again; and I have noted that most of the votes that were cast the other day in a way that would have crippled industry came from the cities where those industries are largely located.

Mr. GRIFFIN rose.

Mr. CRAMTON. I shall finish what I have in mind, and then yield, and I hope that the others who voted as did the gentleman from New York [Mr. GRIFFIN] may read what I have to say as to the effect on industry of their votes. Nothing would have embarrassed the gentleman from Maryland [Mr. LINTHICUM] and the gentleman from New York [Mr. GRIFFIN], or any of the others who voted for the industrial alcohol amendment more than to have had that written into the law. I yield to the gentleman from New York.

#### INTRODUCTION OF POISON INTO INDUSTRIAL ALCOHOL

Mr. GRIFFIN. I do not want to indulge in anything controversial, but I do want to ask the gentleman in all fairness whether he considers that the introduction of poison into industrial alcohol is necessary for the carrying on of these industries?

Mr. CRAMTON. That is exactly the text of my speech, and that will emphasize the noncontroversial character of these remarks of mine, that I permit the gentleman from New York [Mr. GRIFFIN] to supply the text from which I am to speak.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. CRAMTON. I yield this one time, and then not any more.

Mr. SCHAFER. The gentleman from Wisconsin voted to recommit to stop this poisoning.

Mr. CRAMTON. I am glad the gentleman from Wisconsin is here.

Mr. SCHAFER. Does the gentleman from Michigan think that industry has more right than human life?

Mr. CRAMTON. That is a question that I do not see is now before the House at all.

Mr. SCHAFER. It certainly is before the House.

Mr. LaGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. CRAMTON. Yes.

Mr. LaGUARDIA. As a matter of fact, to clarify the situation, the amendment that was before the House in the motion to recommit would merely have prevented supervision of denatured alcohol. There was nothing in that amendment that would have stopped the denaturing of alcohol, but it merely

prevented supervision, and would have flooded the market with more poison instead of less poison.

Mr. CRAMTON. Mr. Chairman, I shall insert at this time in my remarks the amendment offered by the gentleman from Maryland [Mr. LINTHICUM].

Mr. LINTHICUM moves to recommit the bill to the Committee on Appropriations with instructions to forthwith report the same back to the House with the following amendment: Add to the end of the bill the following as a new section:

"That no money herein appropriated for the enforcement of the national prohibition act shall be used in the preparation or issue of any permit for the removal or use of any industrial alcohol known to be denatured by any deadly poisonous drug."

The effect of the adoption of that and its enactment into law would have been to indicate a policy on the part of Congress that would have been far-reaching.

#### DOCTOR DORAN AND LEGITIMATE INDUSTRY

The selection of suitable formulas for denatured alcohol is of paramount interest to trades whose industrial life depends on a treatment of this question that is scientifically correct. For this reason all of these interests hailed with joy the announcement last year of the appointment of Dr. James M. Doran as Commissioner of Prohibition. For many years they had worked in cooperation with the doctor when he was head of the industrial alcohol and chemical division of the Prohibition Unit. In the course of this collaboration they had learned to respect his integrity, which did not once permit him to deviate from his duties as an enforcement officer; they also were compelled to admire his thorough chemical knowledge and his understanding of the problems of the manufacturer who must have an adequate supply of alcohol for his factory processes. That Doctor Doran fully recognizes his responsibility toward science and industry is further evidenced by the fact that shortly after assuming the duties of his high office he appointed an industrial advisory council, to which are submitted all pertinent questions, not the least of which is the selection of suitable denaturants. A study of the membership of the council is illuminating, in that it reveals the wide range of scientific and industrial talent that is at the disposal of the commissioner. The names and official connections follow:

Dr. Martin H. Ittner, 105 Hudson Street, Jersey City, N. J., chairman of the industrial alcohol committee of the American Chemical Society and American Institute of Chemical Engineers, chief chemist for Colgate & Co., manufacturers of soaps and toilet articles.

Dr. Harrison E. Howe, Mills Building, Washington, D. C., editor Journal of Industrial and Engineering Chemistry, the official organ of the American Chemical Society.

Mr. H. S. Chatfield, 7 Cedar Street, New York City, chairman industrial alcohol committee, National Paint, Oil, and Varnish Association, vice president Kasebier-Chatfield Shellac Co.

Mr. A. Homer Smith, representing the American Drug Manufacturers' Association, vice president and general manager of Sharp & Dohme, pharmaceutical manufacturers, Baltimore, Md.

Mr. Frank A. Blair, of Household Remedies Co., 80 Varick Street, New York City, president the Proprietary Association.

Mr. Samuel C. Henry, secretary of the National Association of Retail Druggists, 168 North Michigan Boulevard, Chicago, Ill.

Mr. Frank J. Noonan, of Noonan & Sons, Boston, Mass., representing Barbers' Supply Dealers' Association of America.

Mr. Russell R. Brown, 110 East Forty-second Street, New York City, president of the United States Industrial Alcohol Co. and president of the Industrial Alcohol Manufacturers' Association.

Mr. George F. Dieterle, president of the Federal Products Co., Cincinnati, Ohio.

Mr. C. Mahlon Kline, of Smith, Kline & French, manufacturing chemists, Philadelphia, Pa., representing the National Wholesale Druggists' Association.

Mr. Fred S. Rogers, Middletown, N. Y., president Flavoring Extract Manufacturers' Association.

Dr. Charles L. Reesce, chemical director E. I. du Pont de Nemours & Co., Wilmington, Del., representing Manufacturing Chemists' Association.

We have represented here the American Chemical Society, with its 15,000 members; the Journal of Industrial and Engineering Chemistry; the National Paint, Oil, and Varnish Association; the Proprietary Association; the American Drug Manufacturers' Association; the National Association of Retail Druggists; the Barbers' Supply Dealers' Association of America; the National Wholesale Druggists' Association; the Flavoring Extract Manufacturers' Association; the Manufacturing Chemists' Association; the Industrial Alcohol Manufacturers' Association. Incidentally, also, the following internationally known business concerns: Colgate & Co., the Kasebier-Chatfield Shellac Co., Sharp & Dohme, Household Remedies Co., Noonan & Sons,



United States Industrial Alcohol Co., Federal Products Co., Smith, Kline & French, E. I. du Pont de Nemours & Co.

All of these men are familiar with and approve the denaturants used at present. Is it reasonable to accuse them of a fanatical devotion to prohibition that would cause them to take pleasure in "poisoning" their fellow man?

WOOD ALCOHOL A DENATURANT SINCE 1856

Ethyl alcohol has been denatured with wood alcohol, or as the chemist prefers to call it, methanol, since 1856 in England, since 1906 in this country. Mr. LINTHICUM is wrong when he states that this "custom has grown up in the Prohibition Unit." Every denaturant that is prescribed to-day by the Bureau of Prohibition has been carefully selected as the one chemical known to science that will fulfill the specific purpose for which it is prescribed. Mr. LINTHICUM states:

Some other denaturant can be used which does not poison the human system, causing death or ill health.

What other denaturant? Why is the gentleman not specific so that the advisory council listed above can have the benefit of his knowledge of chemistry?

What I am trying to do now is to emphasize not the prohibition aspect but the industrial aspect of the Linthicum amendment.

Mr. LINTHICUM. Mr. Chairman, will the gentleman yield? Mr. CRAMTON. Yes.

Mr. LINTHICUM. I want to ask the same question that I asked the gentleman the other day. Is he in favor of the use of these deadly drugs in denaturing industrial alcohol?

Mr. CRAMTON. And I say to the gentleman from Maryland that if my answer the other day could not give him a correct understanding of my attitude, and my speech to-day does not, then I fear that he will not understand my position any more than he now understands probably the most lamentable exhibition of weakness into which he led his forces the other day.

Mr. LINTHICUM. I think I shall understand by the gentleman's vote how he stands on that question.

WHERE IS THE DENATURANT THAT IS HARMLESS BUT EFFECTIVE?

Mr. CRAMTON. Very well. Fifteen thousand members of the American Chemical Society would be grateful for this information as to the harmless but effective denaturant. May I call his attention to the fact that the manufacturer of varnish, lacquer, solutions can not base his processes on the use of "some" chemical? He must know definitely what chemical and how much.

As it happens, practically every one of the 50 or 60 substances used as denaturants would be injurious to the human system if taken internally in sufficient quantities. What substance can not be abused? Gasoline has caused the death of many a housewife who used it as a cleaning material; but we do not forbid its use as a motor fuel. Illuminating gas has asphyxiated many a careless person; we do not exclude it from the home. Carbolic acid has been taken from the medicine closet in the dark with fatal results, but we do not prevent its sale. The most we can do with such substances is to label and warn; the careless and the criminal have always paid the penalty for their ill-advised or illegal acts.

During the debate the suggestion was made that manufacturers could use pure ethyl alcohol without the admixture of denaturants. The manufacturers themselves would be the first to protest any such arrangement for two reasons. Can one imagine the policing problem that would be created if pure ethyl alcohol capable of being diverted to beverage purposes were to be used freely around a factory? It would be necessary to assign a guard to every mixing tank on the premises. Even then it would be impossible to prevent theft of this seductive material. The expense would be prohibitive, while the morale of the working force would be shattered. Moreover, most of the denaturants are themselves necessary ingredients in their processes. For example, methanol.

There are two formulas of completely denatured alcohol, one of which contains 10 parts of methanol and the other 4. For purposes of shellac cutting, the formula containing 10 parts is preferred for the reason that the process requires the peculiar qualities of methanol. Pure ethyl alcohol would not serve the purpose. The same is true in numerous other cases.

NOT SO MANY "POISON" CASES AFTER ALL

As a matter of fact, the evil results of the "poison" denaturants have been enormously exaggerated. The statement was made in the debate that in New York City in 1926, 755 deaths were due to "alcoholic poison." The official figures are 759 due to acute and chronic alcoholism—quite different from "poisoning"—10 to wood alcohol, and 4 to alcohol poisoning. The 1927

figures are 770 deaths due to alcoholism with 14 wood-alcohol deaths in the first 11 months—the figures for the December wood-alcohol deaths are not available at the moment. Doctor Harris, health commissioner of New York City, stated January 4, 1928:

It is true that 770 is the highest death rate in the last 10 years, but it should be made plain that the deaths this year were not due to poisoned liquor but to the abuse of the use of liquor. In other words, the deaths reported were due to long-continued or chronic drinking.

Dr. Haven Emerson, Columbia University Medical School, sometime New York City health commissioner, expressed himself as follows before the American Public Health Association in Cincinnati last fall:

It has been suggested that the deaths from alcohol have been largely due, some people say even wholly due, to extraneous poisons included in the alcohol. If I am not mistaken, it was given to us by the authority of the Surgeon General's Office, or, if not by others equally qualified, that in the main, since prohibition, deaths and sickness from alcoholic drinks were due to the ethyl alcohol therein contained, for which the drinks were drunk, and not due to those occasional slight, moderate, or other additional poisons added to alcohol to make them undrinkable or coming in alcohol which has not been properly prepared to be served for beverage purposes.

Chemicals, a trade journal, investigated this situation very carefully last year; a compilation of the results is given. The information is comprehensive and authoritative. The investigator, with his technical training, calls attention to the difference between deaths from alcoholism, which were common long before prohibition, and deaths from "poisoning," which were likewise not unknown in this country before prohibition, and which are to-day reported even from Canada, a license country. No intelligent discussion of the question is conceivable without this elementary distinction.

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"DEATHS FROM ALCOHOLISM" IN REPORTS OF MEDICAL EXAMINERS DO NOT NECESSARILY MEAN DEATHS FROM METHANOL—A NATION-WIDE SURVEY SHOWS METHANOL TO BE MINOR FACTOR IN BEVERAGE DEATHS

Beginning on page 17 of this issue of Chemicals will be found some "inside stuff" in regard to denatured alcohol, and particularly in regard to deaths attributed to this official Federal denaturant. Industrial chemists and buyers for the highly important industries using denatured alcohol in the production of lacquers, varnishes, explosives, etc., have held for months that reports of diversion of industrial alcohol into bootleggers' channels have been exaggerated, and that the many attempts on the part of alleged "statesmen" to shut off supplies of denatured alcohol from legitimate users have been little more or less than political "eyewash," since it has yet to be proved that the deaths from so-called methanol-denatured alcohol have reached any such total as has been claimed in the public press.

No less an authority than Dr. C. W. Muehlberger, State toxicologist of Wisconsin—he is connected with the University of Wisconsin at Madison—states in this connection: "It is my opinion that the addition of 5 parts wood to 100 parts of grain alcohol would not increase the acute toxicity for man above that which would be shown by pure grain alcohol in corresponding amounts. \* \* \* In other words, I do not believe the addition of this amount of methyl alcohol would be a factor in causing death in man within a period of three days following the taking of large quantities of such alcohol. Such deaths, in my opinion, would be due to the grain alcohol. This opinion is based on the fact that it takes a larger dose of wood alcohol to kill than grain, according to the literature."

Chemicals has sought to get to the bedrock of fact, and herewith devotes approximately four pages to a presentation of the data relating to deaths from alcoholism, and, incidentally, from methanol-denatured alcohol, as collated by the heads of many State departments of health.

The showing is an amazing one when we remember the figures published in the daily press as to such deaths and the loud outcries from politicians seeking a little publicity by advocating the suspension of denatured-alcohol distribution licenses on the ground that the "Federal Government has entered upon a systematic distribution of poison to stop the diversion of alcohol from industrial channels into the hands of the bootleggers."

The facts as we gather them—and they will be found in this issue beginning on page 17—do not show any such outrageous preponderance of deaths from methanol—wood alcohol—as has been claimed by the congressional advocates of, let us say, "alcohol" or some other denaturant, that may "smell to high heaven" but which would have no mortal effects should it be used to prevent the illegal consumption of the alcohol which it "doctors" as a component of Gordon water or some brand of alleged "Scotch" whisky.

There are several facts which must always be borne in mind in the consideration of this newspaper-made problem:

And the first is this: That methanol or wood alcohol has been accepted as a denaturant for ethyl alcohol in the United States for the past 20 years, and for more than 70 years in Europe, and that there were no real protests until its use by the United States became a semi-political issue.

That in New York City—credited, unjustly or not, with being the wettest municipality in the United States—there were 29 deaths from wood alcohol out of 98 deaths from "alcoholism" in the year 1920, according to Doctor Gullfooy, register of the department of health; 6 deaths from methanol or wood alcohol in 1925 out of a total of 682 "alcoholic" deaths; and 10 deaths in 1926 of a total of 759 deaths from "alcoholism." This is not such a damning total as the politicians would strive to make out, particularly when it is remembered that there is no proof as to what number of "wood-alcohol" deaths could be credited to denatured alcohol.

There is still another interesting sidelight—or spotlight, as you will—thrown upon the wood-alcohol mortality statistics by the records of the Census Bureau at Washington for the years 1921 to 1925, inclusive. Here we find the amazing fact that the death rate per 100,000 actually credited to wood alcohol has not exceeded 0.2 per cent during any one of the five years, and that in 1923 the percentage was 0.1 per cent.

Similar data is presented from one of the largest life insurance companies, which seem to show that deaths from acute poisoning from wood or denatured alcohol in 1926 were less than one-third the number in 1920, which seems to bear out the contention of the chemical industry that the present outcry against wood alcohol or methanol as a denaturant would have been more firmly founded in fact had it been made five years ago, when there wasn't a peep from the politicians.

Chemicals holds no brief for the fraternity of bootleggers or the doctors of denatured alcohol to be used as a beverage. It is and has been convinced since the Prohibition Department first began to shut off supplies of denatured alcohol from the legitimate consumer that industry was being hampered illegally and in direct contradistinction to the second section of the Volstead Act, which not only vouchsafed ample supplies of such denatured alcohol to legitimate users but sought to increase such use.

Chemicals has urged for years the distribution of such denatured alcohol under strict supervision, but under the supervision of chemically trained men and not the appointees of a national organization of booze haters, who may be honest but who are generally recognized to be ignorant.

Chemicals has always believed that brains and not bigotry would find an adequate solution of the alcohol problem in the United States—and still thinks so—and has collated the data presented in this issue for the man who thinks and not the man who "believes"—what some one else tells him.

We have gone to the fountain head—the data presented in this issue are authentic. We believe the industry is being hampered without rhyme or reason in securing a chemical of vital importance in the manufacture of scores of necessary commodities, and since the latest and most vicious attack upon the distribution of denatured alcohol has taken the form of attacks upon the Government and Government formula for denaturing ethyl alcohol because of "paternalistic murders" of innocent consumers, we have sought to present the actual facts as to deaths from wood alcohol from the only sources to be recognized—the official reports of the State and city officials having to do with the public health.

The facts are presented as given to us—we think they tell their own story!

#### MEDDLING WITH INDUSTRIAL WELFARE

Since my friend from Maryland [Mr. LINTHICUM] has come into the Chamber, I may be pardoned for reading the following editorial. I would not have wanted to read it in his absence. It is a little editorial from the Oil, Paint, and Drug Reporter, under date of January 16, 1928, and is headed "Alcohol opponents again display meddling ignorance":

In spite of the fact that the denaturants in industrial alcohol were not blamed by health authorities this year for the fatal results which followed overindulgence in holiday liquor, the fight against adequate denaturing has again been opened in Congress. In spite of the fact that he declared a year ago that he had no intention, in pressing his bill against so-called poison alcohol, of interfering with the rights of industries which need alcohol, Senator EDWARDS is again the leader in the congressional campaign to interfere with these industries. He has reintroduced his bill for potable denaturants.

Mr. LINTHICUM. If there are no deaths from this poisoned alcohol, the deadly poison that I had in my amendment, why did the gentleman object to such an amendment, so that the country might feel that it is free from a thing of that kind?

Mr. CRAMTON. I shall answer that question, and I think it will not be necessary to answer any more.

Mr. LINTHICUM. The gentleman thinks that he can complete it with that.

Mr. CRAMTON. Yes; I think I shall.

The gentleman, with the same lack of ability to see, which characterized his leadership the other day, is assuming that my only desire is to kill folks. That is so far from the truth that I do not need to take time to answer it. I can not yield further. I want to give you what the chemists say who represent the industries who would have been put out of business if the amendment of the gentleman from Maryland had prevailed. I would not expect the gentleman to give much weight to what I might say, because he and I do not agree on these matters, but I think he ought to give heed to what is said by the chemists and leaders of the great industries that use 95,000,000 gallons of industrial alcohol a year and that would be put out of business if the gentleman's amendment had prevailed. I read further from the editorial:

It seems useless to attempt to point out to certain folk the absurdity of an alcohol denaturant which would be nothing but an addition. But, not all Members of Congress, we believe, are in this class of voluntarily blind. Doubtless, enough can see that a denaturant must denature to prevent favorable consideration of the Edwards bill.

There is evidence in this bill that its author is meddling with something of which he has little, if any, knowledge. He purposes to exempt from the provisions which he proposes the use of noxious denaturants in alcohol to be employed in scientific research. He shows that he knows nothing about the purpose of such research when he sets about denying the right to continue the use of really denatured alcohol in industrial processes which might result from the research. Such manifest ignorance does not rid the bill of its possibilities of putting industry to the unnecessary trouble of opposing it, but it does present another weak point in the defense of the measure. The bill, in truth, is so weak that it could not stand were it not for the support which the fanatical opponents of alcohol will give any "man of straw."

#### IRRELEVANT INTRUSION OF POLITICAL ACTION INTO THE FIELD OF CHEMISTRY

Now, in order to show the feeling of irritated resentment of the chemists at the unwarrantable intrusion of the entirely irrelevant prohibition question in the field of scientific and technical chemistry, I also append extracts of editorials from the Oil, Paint, and Drug Reporter, the oldest and perhaps most widely read chemical trade journal in this country.

For a long time unthinking strictures on adequate and suitable denaturization have been broadcast by individuals totally devoid of knowledge of an intricate chemical problem. Can one blame the chemist for growing impatient? In the editorial they say this:

#### INDUSTRIAL ALCOHOL IS NOT A FAULT OF THE PROHIBITION LAW

Tax freedom in the industrial use of alcohol was secured 20 years ago after a long and bitter struggle against the fanatics who will not admit that this useful ethyl compound is anything but a beverage. The act of Congress which exempted industrial alcohol from the revenue tax did more than perhaps any other one influence to make possible the progress in chemistry that has been made in the United States since 1906. The leadership which other countries previously had held in organic chemical production and in the application of chemistry to a number of major industries was in no small part due to their earlier realization of the unwisdom of taxing an industrial raw material. Slow to learn, because not industrially minded (no matter what names may be called in international reference to the United States and its people), this country, once the opportunity offered, was quick to take advantage of it. To-day it has the leadership which, handicapped by a tax on industrial alcohol, it never would have gained, not even under the peculiar advantages of the period of the recent World War.

To get tax freedom in the industrial use of alcohol it is considered necessary, in all countries, to require that alcohol, to be exempt, must be combined with other substances which, while not impairing its usefulness, will render it unfit for consumption as a beverage. This requirement is fundamentally a matter of revenue assurance. Its purpose is to prevent the curtailment of governmental income through the operations of crooks. It has no purpose relative to protecting fools from the penalty of their folly. Such a purpose is not the basis of law or regulation. It is in an asinine lack of reason, therefore, that a campaign has recently been launched, attacking the industrial alcohol law as governmental connivance in the slaughter of those who are so foolish as to drink denatured alcohol.

In view of the fact that the fight against industrial alcohol twenty-odd years ago was waged chiefly by the opponents of the beverage use of alcohol, it might be considered peculiar that the present attack has been launched by the opponents of prohibition. That is, it might seem peculiar, were it not for the fact that for unreason, illogical argument, and utter disregard of all rights and beliefs other than their own,



fanatical prohibitionists are equaled by none but fanatical antiprohibitionists. Those who are behind the present movement to scare away the prohibition law, know that they do not tell the truth when they say that the Government (which does not do the denaturing) puts poison in alcohol to kill those who drink it; that the addition of gasoline to a denaturing formula places therein a more deadly poison. But what is such an immaterial thing as fact?

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. CRAMTON. I will ask for 15 additional minutes.

Mr. SIMMONS. I yield to the gentleman 15 additional minutes.

The CHAIRMAN. The gentleman from Michigan is recognized for 15 additional minutes.

Mr. CRAMTON. I read further:

Toadstools are eaten by the unwary. Foolhardy motorists try to beat express trains to a crossing. Thin ice and deep water take their toll of the careless. Clotheslines are used by would-be suicides. Methanol was drunk 20 years ago as much as it is to-day. Freeze-proof liquid for hydraulic jacks, embalming fluid, horse liniment, and hundreds of other poisonous compounds were used as beverages long before the idea of prohibition had 10,000 adherents. Industrial alcohol is no more intended for internal human consumption than were any of these "emergency liquors." Its manufacture is no more contributory to suicide than is the manufacture of rope. Industrial alcohol is no more at fault when a crook sells it as a beverage than are axes to be blamed because somebody uses one to commit murder. Law is for persons, not for inanimate things.

Industrial alcohol is a necessity. It must be denatured with such unpotable substances as will not interfere with its employment in the arts. If the prohibition law has prostituted industrial alcohol, the fault lies with the law, and the fight should be waged against the law directly.

The same organ is also authority for the following statement. The wet bloc of 61, chiefly from the industrial centers where these industrial plants are located, should note especially the cluding sentence: "To prohibit its use [that of methanol] in such manner before a suitable substitute is offered would be tantamount, from an industrial standpoint, to repeal of the industrial alcohol law."

#### METHANOL APPROACHES THE IDEAL AS A DENATURANT FOR ALCOHOL

Methanol, which, as a denaturant for industrial alcohol, has especially been visited with the righteously assumed wrath of those who would involve the Government of the United States in "the greatest poisoning plot in the world's history," approaches the ideal as an agent for destroying the character of alcohol as a beverage. For this reason the act of June 7, 1906, which authorized tax freedom in the industrial use of alcohol, specifically mentions methyl alcohol (now called methanol more effectively to differentiate it from ethyl alcohol) alone as a denaturing agent.

This designation of methanol as an authorized denaturant is supportable from every point of view tenable in the reasonable consideration of the case of industrial alcohol. Physically, methanol is so closely similar to ethyl alcohol that it does not impair the usefulness of the latter as a solvent, a fuel, an antifreeze agent, or a preservative, when mixed therewith. A mixture of methanol and ethyl alcohol is so homogenous as to be inseparable without the most exacting and skillful manipulation in expensive, elaborate, and intricate apparatus. It is a constant-boiling mixture which can not be broken up into its constituents by ordinary fractionating distillation. Methanol is poisonous, of course, but in the proportion in which it is present in even the most heavily methylated completely denatured alcohol, its poisonous properties are not a bar to the legitimate use of the mixture under proper conditions. This mixture contains about 9 per cent of methanol. Canada requires 30 per cent of methanol in its standard completely denatured alcohol. Ten parts of methanol to 100 parts of ethyl alcohol is the customary requirement in European countries.

The hazard of foolhardy, promiscuous drinking was recognized in the authorization of formulas for completely denatured alcohol long before conditions arose to aggravate it. No simple mixture of methanol and ethyl alcohol is authorized for general use in this country. All must contain at least one other ingredient which will facilitate the recognition of the unpotable nature of the liquid. In addition, it is required that the methanol used for denaturing purposes must be an unrefined grade with readily perceptible physical characteristics which differentiate it from ethyl alcohol. Even when disguised with colors, odors, and flavors, the presence of methanol in an alcoholic mixture can be readily detected by a simple chemical test.

Methanol, in the proportions required in denaturing, unquestionably destroys the character of ethyl alcohol as a beverage. It is, therefore, satisfactory in that respect. An idea of its suitability from the industrial standpoint may be got from the fact that specially denatured alcohol, formula No. 1, which is a mixture of 5 parts of methanol and 100 parts of ethyl alcohol, has been authorized for use

for more than 230 industrial purposes, and special denatured alcohol, formula No. 3A, which contains a similar proportion of a more refined methanol, has been authorized in about 50 processes. But few of the other sixty-odd specially denatured formulas, with the exception of those which contain methanol along with other agents, have been authorized for more than half a dozen purposes each; none for as many as 30.

Efforts have been made in several countries to find a better denaturant than methanol for wide application in the industrial use of alcohol. In so far as we are informed, none of these has been successful, and methanol remains the most favored denaturing agent in all countries. Neither industry nor the Government in this country has found any reason to replace methanol as a general denaturant, and no reason has been presented in the recent ado about the horror of exposing drinkers to the risk of poisoning. It is, therefore, not likely that the authorization to use methanol as a denaturant will be revoked. To prohibit its use in such manner, before a suitable substitute is offered, would be tantamount, from an industrial standpoint, to repeal of the industrial alcohol law.

#### And further:

##### ADEQUATE DENATURING OF ALCOHOL IS INDUSTRY'S NEED AND RIGHT

It would seem, in the light of recent developments, that industry and economists have had an erroneous conception of the purpose of the law enacted June 7, 1906, permitting the tax-free withdrawal of alcohol. These misguided folk have had faith in their ability to interpret the requirements of the law, that alcohol so withdrawn "shall have been mixed" with material which "destroys its character as a beverage and renders it unfit for liquid medicinal purposes." They have assumed that these words meant just what they say. But, if one may judge from the solemn pronouncements of substantial members of the public press and from the earnest utterances of Members of the Congress of the United States, this assumption has been all wrong, and the purpose of the statutory provisions for the denaturing of alcohol is the convenience of the bootlegger and of those who disbelieve in the Volstead Act in its application to their individual practices. The enactment of the latter statute was in reality, as these present-day commentators see it, an amending of the act of 1906 to make available for beverage purposes alcoholic mixtures of a pleasant, innocuous nature, to replace the compounds previously known and used as whisky, brandy, and the like. One lives to learn in these days of a new and convenient logic.

There is a deal of ingenuity in the arguments now being presented against the use of noxious denaturants in industrial alcohol. The plausibility of suggestions for the use of harmless materials to comply with the act of 1906 and for the elimination of all denaturants, so as to permit industry to get pure alcohol free of tax, is quite convincing, as long as the suggestions are taken at their face value. But when one considers the purpose with which this gratuitous advice is offered and asks whether in all instances it comes from sources which would be wholly displeased to see industry in the United States again placed under the handicap of having to pay a heavy tax on a necessary raw material, doubt at least arises as to whether these suggestions do not in fact as well as potentially purpose the destruction of the industrial use of alcohol.

If there be no such purpose behind these suggestions, they must arise from stupidity of a degree inconceivable in the face of the facility with which accurate and adequate information with respect to the industrial alcohol act and its operation may be acquired. The additional supervision and inspection which would be necessary—and of doubtful efficacy—in connection with the use of potable alcohol in industry is not difficult to foresee. A materially greater inconvenience would arise than now arises in connection with the use of specially denatured alcohol from the insistence of a Government inspector that he be shown that the alcohol is actually going into the product which is in course of manufacture and is not being diverted through a hidden pipe line. It would be necessary to stop a process at demand, and the disastrousness of such action in certain processes (say, varnish making) where the maintenance of definite thermal conditions and the prevention of evaporation are absolute necessities can not be questioned.

It is only to stupidity or to political expediency that one can attribute the nature of the manifestation of interest on the part of certain Members of Congress in the agitation against the adequate denaturing of alcohol for industrial uses. Surely these Federal lawmakers should have been expected to know the provisions of the act of 1906. And yet in a joint resolution introduced into the House of Representatives it is gravely stated that "there is no law of Congress that requires poison to be introduced into denatured alcohol." The act of June 7, 1906, specifically requires that alcohol, to be exempted from the revenue tax, after withdrawal "shall have been mixed \* \* \* with methyl alcohol (methanol) or other denaturing material \* \* \* which destroys its character as a beverage and renders it unfit for liquid medicinal purposes. \* \* \* It is conceivable that, in so far as the majority of tastes is concerned, an obnoxious denaturant would be sufficient to destroy the beverage character of alcohol. But such a denaturant, it is quite clear, would not wholly prevent the drinking of alcohol to which it had been added. And it is difficult to conceive of any denaturant

obnoxious but not noxious which would meet the further requirement of the law (additional, not merely optional) that it render the alcohol "unfit for liquid medicinal purposes." The industrial alcohol law is clear in its requirements, and it has not been amended by the enactment of the Volstead Act.

And I commend to the Members from Baltimore and New York and other industrial centers:

There is no right in the destruction, or in the agitation of destruction, of property legitimately acquired and legitimately held. There is no equity in a movement toward that end which does not offer adequate reimbursement. The existing formulas for denaturing alcohol are the legitimate property of the many industries which have adapted their productive processes to the utilization of these formulas. These industries have, therefore, rights in this property that are as inviolable as are similar rights in whatsoever they may lie. Until there can be offered in replacement substitute formulas of equal satisfactoriness these rights are deserving of all the respect that attaches to any property.

And this other statement from the editorial from this same trade journal, headed, "Will Congress stop at the fork in the prohibition road?" I read:

Critical discussion in Congress of the fitness and efficacy of the Volstead law has come to a point where further progress in the line heretofore followed is impossible. A sign, "This is the law," has been met in the road, and beyond it the way lies in divergent paths. To follow one of these paths Congress must repudiate the pledge given to industry more than 20 years ago and repeated in Title III of the Volstead Act; for this path leads to the abolition of alcohol as an industrial raw material in order that the ends of prohibition may be served. To follow the other path Congress must abandon the purpose of the eighteenth amendment, for that path leads to the destruction of all the effectiveness of the denaturing of alcohol. Whither will Congress go?

Evidently Congress will not join the wet bloc in either of these alternatives that the Linthicum amendment would force upon us; we will neither paralyze industry by outlawing industrial alcohol nor will we abandon enforcement of the eighteenth amendment.

#### A WORD FROM THE INDUSTRIES

Just a word from another representative of industry—and I have an idea that Capt. James P. McGovern would resent very much being called a fanatical prohibitionist. Captain McGovern, of Washington, is general counsel of the Industrial Alcohol Manufacturers' Association and Washington attorney for the National Paint, Oil, and Varnish Association and other alcohol-using trade bodies. In an address by him he says, in part, to make a short extract.

In his preliminary he emphasizes that—  
there can be no development of chemical industry without alcohol any more than there could be a steel industry without pig iron, an electric industry without copper, or a fertilizer industry without potash and fixed nitrogen.

He points out that 3,000,000 gallons annually are used in the protection of artificial silk and that alcohol may come to provide the answer to the motor-fuel problem.

He goes on to say:

Under existing law our Government has established many formulas of denatured alcohol to meet the everyday demands of the arts and industries, but there are only two allowed in the production of what is known as completely denatured alcohol—the kind that goes directly to the public. All other formulas are restricted to manufacturers who file bond, secure permits, keep records, and otherwise comply with stringent regulations.

It is of interest to note that Congress in framing the original denatured alcohol act—now over 20 years old—felt it necessary to impose a heavy penalty for the diversion of industrial alcohol to beverage purposes. This penalty is a fine of not more than \$5,000 or imprisonment for not more than five years, or both, and the forfeiture to the Government of all property used in connection with unlawful acts. Prohibition had nothing to do with these stern provisions, which are dictated by the necessities of control of industrially used alcohol, not only in this but in all civilized countries.

We have heard a lot about so-called "poison liquor" and those engaged in that sort of propaganda attempt to charge the Government with using poisons to enforce prohibition. Nothing could be further from the truth. As I have heretofore shown, alcohol is denatured under a law passed nearly 13 years before the adoption of the eighteenth amendment for the sole purpose of furnishing at the lowest possible price an essential raw material alcohol which had proven to be the backbone of the chemical supremacy then enjoyed by foreign competitors. It goes without saying that efficient denaturants are more necessary to-day than ever before. As a general rule, every for-

mula of denatured alcohol can be considered as toxic if used for beverage purposes; but, by the same token, so is ethyl or grain alcohol. All completely denatured alcohol, however, is required by the Federal Government to bear the awe-inspiring "poison" label, so there is no excuse whatever for any innocent person being injured from its misuse. Why, therefore, should there be a hue and cry against the use of any denaturant which has been prescribed by the Government for lawful purposes? There are innumerable articles on the market that serve a useful end, but are detrimental to human life and health when carelessly or criminally handled. Many of us remember the excitement when the baby took hold of the kerosene can. More than one motorist has investigated the status of his gasoline tank with the aid of a lighted match and departed for regions where he no longer worried about the lack of an adequate fuel supply.

Instead of cough medicine the carbolic-acid bottle has been taken out of a dark medicine closet. No one thinks of blaming the inanimate commodity in those cases. Why, then, attack an efficient industrial alcohol product when it is wrongfully used? Any change in formulas of industrial alcohol for the benefit of the lawless drinker would be in direct violation of the spirit of the law under which the Bureau of Prohibition was created and operates. "Sop" to the opponents of prohibition might appeal to the political sagacity of weak-kneed executives, but in the case of the present Commissioner of Prohibition, himself a chemist, we need not have any fear in that regard. His professional standing and the ethics of the American Chemical Society, of which he is a member, constitute sufficient guaranty in that respect.

As a striking illustration of the difficulties under which reputable merchants are compelled to market their products under prohibition-enforcement conditions, let us take the case of the 40-year-old solidified fuel known as "sterno canned heat." We are all familiar with that commodity in its self-contained tins ready for burning in the home, camp, nursery, hospital, sick room, laboratory, and other places where an emergency fuel is required. It proved of inestimable value in the districts devastated by the Florida hurricane, your own Mississippi flood, and other disasters where an emergency fuel was sorely needed. It is manufactured under a formula approved pursuant to the provisions of the Volstead Act calling for five parts of wood alcohol and a percentage of pyridine, kerosene, and solidifying chemicals which make the finished commodity—in the opinion of Commissioner Doran, the most unfit substance for beverage purposes that could possibly be conceived; and yet we find intelligent people demanding that the sale of such an essential article of everyday life be stopped or subjected to prohibitive conditions because there are degenerates who unlawfully manipulate the product and extract therefrom a liquid which they take into their stomachs, with what results only hospital and morgue records can tell! Isn't that actually glorifying degeneracy, and does not the whole situation merely call for better enforcement of the adequate United States laws on the subject, which provide severe punishment for any person who sells or uses alcoholic preparations for illegal purposes? Surely law-abiding business men are entitled to your sympathetic support instead of being harassed on all sides in their lawful pursuits. \* \* \*

#### THE WET BLOC SHOULD HEED THE VOICE OF INDUSTRY

Mr. Chairman, I am not going to take more of your time. I may add some under the permission to revise and extend my remarks. I did say to the Committee on the Judiciary a few years ago, when there was a bill pending before it for the constitution of a Prohibition Unit, that prohibition had no desire to impede a legitimate industry; that prohibition had enough enemies without making any unnecessarily. A new leadership has arisen here in the wet bloc, which came in the other day with flying banners minus the milk-white charger that was brought over from Baltimore to lead the wet parade in the House in the days of John Philip Hill, but still led by Baltimore. The wet bloc from New York and Brooklyn and Detroit and Cincinnati beat the tom-toms and sought to do away with industrial alcohol on the ground that some one sometimes disregards the poison label. The wet bloc by their proposal menaced great industries. I want to commend to them these expressions from the men speaking for those industries. [Applause.]

The CHAIRMAN. The gentleman yields back five minutes. Mr. GRIFFIN. Mr. Chairman, I yield 30 minutes to the gentleman from Oklahoma [Mr. HOWARD].

The CHAIRMAN. The gentleman from Oklahoma is recognized for 30 minutes.

Mr. HOWARD of Oklahoma. Mr. Chairman and Members of the House, the word "oil" has become a magic one. It seems to enter into political campaigns, political conferences, commercial advances, and almost every branch of life at this time. I am going to talk to you for a few minutes on the question of oil.

I represent in the Congress more men and women engaged in the production of oil and natural gas than any other Member. The oil industry is comparatively a new one. Many people look upon it as a kind of a closed corporation, participated in



by a very few people. That is an erroneous idea. There are thousands of men and women in the United States engaged in this industry, Mr. Chairman, neither condoning or defending any wrongdoer. It is the men and women I am going to tell you of in the time just allotted me.

It is a sordid story of oil, politics, and public service that an investigating committee of another branch of the Congress has been bringing to light in the last few months, and especially the last few days.

If the final facts justify the conclusion, most people at this time have reached a few oilmen, a few public servants, and a few politicians have, in the Teapot Dome case, written the blackest page in the history of our Nation and deserve the condemnation of the people.

But, Mr. Chairman, it is not of their guilt that I desire to speak. It is to be hoped and believed that finally, through the established channels of justice, their guilt or innocence will be established. It is entirely of another phase of the situation I desire to address myself.

Already throughout the Nation public sentiment is beginning to hold up to derision and criticism the great oil industry by reason of the participation in this sordid story of a very few men connected with that great industry. Already those not given to an analysis, but prone to hasty decisions are glad to use this case as further evidence that public officials are not to be trusted, and on thousands of tongues and in the minds of thousands of others has and is this regrettable episode being hailed as additional proof that all men who actively participate in American politics are crooked and only waiting to take advantage of opportunity, as seems to have been done by a few crooked politicians in this case.

But, Mr. Chairman, I point out that even in this case, which shakes the Nation, a very few public servants, a very few politicians, and a very few men of the oil industry participated, and that these few do not in any way represent the hopes, ambitions, the policy, the patriotism of the millions of men and women of this country who are public servants, who take part in political questions or are engaged in the great industry of producing oil. It is of this latter class, the oil and gas producers, that I want to speak.

It has been too true now, and has been too true in the past, that whenever the oil industry is mentioned that immediately the average and uninformed mind turns to thoughts of the few oilmen involved in the most deplorable Teapot Dome scandal or think of it, as it has been too often pictured in the past, as some cloven-footed monster ready, waiting, and anxious to take advantage and devour anything and all things that may cross its path.

Mr. Chairman, that is not the true story of the oil industry at all. The few men involved in this scandal represent only that part of the oil industry represented by their numbers, which at the most is only about a dozen of the thousands engaged in the great industry, and that part that has in the past been pictured as the destroying monster in no way represents the true sentiment, policies, actions, and accomplishments of the industry as a whole. Besides them there are thousands of the best citizens of this country interested and a part of this industry—and I make the assertion that no industry in the world can boast of a larger percentage of honest, industrious, patriotic members than can the oil industry of the United States.

Mr. Chairman, I have lived and worked among and with these people for over 20 years. I know them, and when I speak of them I speak with knowledge and authority.

I hold here in my hand a telephone directory of the city of Tulsa, Okla. Hundreds of companies and individuals who produce oil have their headquarters there. Tulsa is my home city. It is the oil capital of the world. From Tulsa is directed the production of oil in every oil field of the United States and in practically every foreign country where oil is produced. This directory contains the name and address of hundreds of oil companies and individual oil producers that are of the honest, industrious, and patriotic type that I have just spoken of.

Mr. Chairman, I wish I had time to tell you the story of each of these individuals. I know most of them personally. All of them have made good in the industry. They have taken a chance with their brains and their money—the oil business is a hazardous one—and through honest dealing, upright, and patriotic policies they have been successful; and, Mr. Chairman, when success has come to them they have not ceased to be honest, patriotic, charitable, and Christian citizens; but it has been the history of practically everyone of them that when success and riches have come they have taken their success and money with them into additional fields of activity. They have become city builders; they have become the leaders in civic enterprises; they have become the greatest donors to charity; they have become the pillars of the church, both spiritually

and financially; they have become the builders of hospitals. On the subscription lists for building of both churches and hospitals their names are always found written in bold letters and followed by substantial contributions. They have become the sponsors of music, of art, of education, and morality. Especially is this true of education, for I have observed that they are leaders in educational matters; they educate their children; and in addition to this an examination of the rosters of the universities and colleges of this country will reveal that hundreds of other deserving boys and girls are being educated at the expense of liberal and patriotic oilmen. In fact, if I had time I could, without doubt, relate to you of each of them some act of charity, of civic enterprise, of religious interest, and of educational and moral nature that is outstanding and commendable.

With their own private funds—and in many cases individually—they have created endowments of universities and colleges for loaning to poor and deserving students; built monuments commemorating events and persons; given large amounts to the endowment of universities; built, maintained, and endowed a home to care for orphans; built costly and magnificent churches out of their own resources; provided parks and improved them with wading pools and playgrounds for the children; established game preserves for the protection of wild life; built and furnished homes for American Legions; subscribed liberally for maintenance of the Y. M. C. A. and Y. W. C. A.; established and maintained camps for boy scouts.

Mr. Chairman, these are but a few of the incidents and illustrations which I call to mind, and are typical of the spirit of the oil fraternity as a whole.

However, not all, by any means, of the activities of these people are confined to the men of this industry, but in each and every instance where the interests of religion, charity, education, music, art, and other uplifting activities are carried on will be found the mothers, wives, and daughters of these men just as liberal and active as they have been.

Mr. O'CONNOR of Louisiana. Will the gentleman yield?

Mr. HOWARD of Oklahoma. Yes.

Mr. O'CONNOR of Louisiana. I desire to say that I am in accord with the gentleman in respect to his observations upon the patriotism and the public spirit of many prominent oilmen throughout this country. It would be ridiculous to obliterate an industry because of the frailties of a few men who happen to be engaged in that business, but in view of the fact that the newspapers carried a statement recently to the effect that Colonel Stewart had received a great number of telegrams congratulating him upon his attitude with respect to another body in refusing to answer questions propounded to him, I want to ask the gentleman if he does not think that inasmuch as those telegrams were apparently indorsements of his course that it would be diplomatic for Colonel Stewart to give to the public the names of the senders of those telegrams?

Mr. HOWARD of Oklahoma. Well, I will suggest to the gentleman that William Edward Hickman, out in Los Angeles, received a great many telegrams from people, but there is no evidence that any telegram received by Colonel Stewart was sent to him by the people of whom I am speaking.

Mr. O'CONNOR of Louisiana. I did not mean to intimate that they sent them, but I mean the inference is to be carried from that newspaper statement that Colonel Stewart did receive a great many telegrams which were considered by him in the nature of congratulations, and knowing the interest of the gentleman from Oklahoma [Mr. Howard] in the proper advancement of every industry, I felt he might think it would be becomingly frank and sagacious for Colonel Stewart to publish these telegrams so the public might know who are in accord with him in regard to his attitude with respect to the inquiries propounded by the Senate.

Mr. HOWARD of Oklahoma. No doubt the colonel will take cognizance of the gentleman's request, and, perhaps, he will give that information. I do not know.

But, Mr. Chairman, not only should the men of an industry like this be judged by their activities in the lines I have discussed, but another yardstick that should be applied is their treatment of those who labor for them.

A few days ago we listened to the story of conditions in the coal fields of western Pennsylvania. We shuddered as we were told of the treatment accorded the miners and their families by the operators in these coal fields, and our blood boiled with indignation as we had recited to us stories of the ejectment of innocent women and children from their homes in the dead of winter.

No such scenes as these were ever enacted in the oil fields of America. Contrary to this the oilman has always looked after the welfare of his employee and family. He has realized that labor is worthy of its hire and he has practiced that policy.

He pays good wages, takes the employee into his confidence, and profits thereby. Never in the history of the oil industry, so far as I know or can learn, has there been a serious or protracted dispute between employer and employee, and I am sure that there is no more loyal employee in any industry than those of the oil industry from the roustabout, the pumper, the driller, the tool dresser, to and including the farm boss and superintendent, clerk, and stenographer.

In the story of the coal fields we were told of the stockades, shacks used for residences, the company stores that impose upon the employees, and the generally bad, even to insanitary, conditions surrounding these wage earners.

No such system as this has ever been practiced by the oilmen. Instead of stockades in every large oil field will be found community houses maintained by employer for the benefit of the employees. Instead of shacks for the homes of the employees you will find on practically every lease and in every camp modern homes built by the employer, and around these well-built and painted homes you will find flower beds, garden spots, and all other things that go to make up the conveniences of a well-regulated home. Instead of the company store you will find that the employee is treated as a free American citizen, paid his wages promptly on pay day, and allowed to spend it where and for whatever he sees fit. Instead of the insanitary conditions that seem to exist in the coal fields you will find in each and every one of these camps that steps are taken immediately by the oilmen to protect in every way the health and comfort of his employee. In every camp of any material size you will find the company physician, there without expense to the employee, to minister to his wants; you will find the trained nurse on the pay roll of the company and, in most instances, a company drug store ready to furnish such medicines and materials as are needed to relieve and prevent the suffering of the employee.

Financial honesty is the outstanding plank of the code of ethics of the real and true oilman. He is known to consider a financial obligation as sacred and binding, whether given by word of mouth or recorded in an instrument of writing.

His reputation and record in dealing with his city, his county, his State, and Government is one that will bear the closest scrutiny. Hundreds of them yearly have business dealings with the Department of the Interior of the Government, and their dealings with the State in which they are located are voluminous, and I am sure that a search of the records of any of these departments would disclose that in these dealings he has always been fair, honest, and patriotic. Illustrating, may I not call attention to the fact that for four years I was State auditor of the State of Oklahoma. Under the laws of that State the State auditor collects on behalf of the people the tax on oil and gas produced within the State. During my four years as State auditor I collected from these people in round numbers \$16,000,000. In making these collections I accepted in payment thereof the personal checks of the companies or individuals, whether executed in the accounting room or written on the floor of the derrick with a lead pencil. Remarkable as it may seem, in all this great transaction never was there one of these checks returned to me as unpaid by the bank on which it was drawn.

Permit me in closing to say that there are no more patriotic body of men and women than those connected with this industry. Illustrating, I call attention to the fact that during the Great War these men, their sons, their employees, were found in every patriotic activity from actual and effective service in the front-line trenches to the rendering of each and every duty exacted of them as citizens by their Government. They bought Liberty bonds and Government securities by the millions of dollars worth, and in all of these activities where the women participated could be found the wives, mothers, and daughters of the men of this fraternity. Not only this, but when the clouds of the war were darkest, when one of the greatest essentials of success was found to be petroleum and its products, the oil producer did not hesitate but said to his Government, "Fix the price of oil, tell us where you want it delivered, and we will furnish it." This they did, spending millions of their own money in exploiting new territory and bringing to the surface all the oil needed in that great conflict, much of this oil having been produced, refined, and crossed the ocean before the producer and refiner knew what he was to receive for it. So decisive and beneficial was this patriotic action that it has been said that in that great conflict we floated to victory on a sea of oil.

Mr. Chairman, this is but a brief résumé of some of the things which I personally know of the oil industry and the great body of citizens who go to make it up, and representing more of them in the United States Congress than any other Member, it is with the greatest degree of pride that I speak of them to-day.

In conclusion let me suggest to you that in the future when some individual in the oil industry goes wrong, you remember that he is the exception and that in no circle is he more generally condemned than by the members of the oil fraternity. And remember also, that in no industry in America is the percentage of honor, integrity, character, and patriotism higher or more jealously guarded than in the oil industry. [Applause.]

Mr. Chairman, I yield back the remainder of my time.

Mr. LINTHICUM. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record by printing an article entitled "Government poisoned alcohol," by Hugh B. Rossell.

The CHAIRMAN. The gentleman from Maryland asks unanimous consent to extend his remarks in the Record in the manner indicated. Is there objection?

There was no objection.

Mr. LINTHICUM. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following:

#### GOVERNMENT-POISONED ALCOHOL

By Hugh B. Rossell.

Among the many evil consequences of prohibition, there is one in which there is no question of intoxication nor even of drinking.

Alcohol is absolutely indispensable to many useful arts and is a very useful drug in every home and workshop. We use it as the fuel for chafing dishes, spirit lamps, blowpipes, etc.; as the solvent for gums and dyes in making varnish, wood filler, or stain; as a general cleansing agent; and to prevent the freezing of water-cooled motors. It is ideal for all these purposes. It has the further advantage of being non-poisonous. No harm would result from the accidental swallowing of a small quantity, nor are the products of its combustion nor the fumes of its evaporation in any way poisonous. In all of these uses there is no question of "drinking the stuff."

The framers of the Wheeler-Voilestead law evidently appreciated these facts and made, according to their notions, provision for the people to obtain alcohol for technical purposes, but their plan, to say the least, does not work out well in practice. You can buy alcohol at any paint store or large drug store, but you do not get pure, clean alcohol. You get the Government-poisoned kind; that is, alcohol that has been heavily charged with a fearful poison, and also befouled with heavy hydrocarbons, or, in plain language, dirt. And the poison and the dirt have been added by order of the prohibition laws and regulations.

Now consider the properties of this "Government-poisoned alcohol." If swallowed, a deadly poison, identical with the venom of ants, hornets, and other insects, will be formed in the digestive organs, and death is almost certain to result. If burned, the same poison may be generated as a product of combustion. The fumes of evaporation are deadly, causing blindness, coma, and death. Many fatalities have resulted from inhaling the vapor, prohibition propagandists to the contrary notwithstanding. By contact with the skin the poisoned alcohol will cause neuritis. The person whose business requires him to handle this horrible mixture, if he values his life, should protect himself with rubber gloves and a gas mask.

Nor is this all. The "Government-poisoned alcohol" is so dirty as to be wholly unfit for many technical purposes. It will not dissolve sandarach (a fine varnish gum used like shellac, but far superior to it) with any degree of satisfaction. Its flame is more or less smutty. If used as a cleanser, it will leave a film of dirt upon the object cleaned.

There are other varieties of "Government-poisoned alcohol" besides the paint-store kind. There is the so-called medicated alcohol, which is alcohol adulterated with a powerful, evil-smelling, poisonous drug. It is almost worthless for technical purposes. Bay rum, hair tonic, "body rub," and other lotions are poisoned with "tartar emetic" or other dangerous drugs. The result is that these lotions sometimes cause illness when used and are so corrosive as to be destructive to the atomizers in which they are used. All kinds of perfumes are adulterated with "brucine," a poisonous vegetable alkaloid, almost identical with strychnine.

To sum up: The manufacturers of alcohol and alcoholic fluids are compelled by law to adulterate their products with poisons and unclean substances before they can sell them in open market. This compulsory adulteration has cost many human lives. Is there no relief?

Mr. SIMMONS. Mr. Chairman, I yield three minutes to the gentleman from Nebraska [Mr. MOREHEAD].

Mr. MOREHEAD. Mr. Chairman, I desire to present a petition from some of my constituents in Nebraska. The petition is more than 50 feet long and has some 2,000 names attached to it. I only mention this, Mr. Chairman, to show that the people are in earnest about the proposition of mixing the church and the State. This is not the only petition I have received protesting against House bill 78, or any other measure which is intended to abridge the religious ideas of the people.

Mr. SNELL. Will the gentleman yield?

Mr. MOREHEAD. Yes.



Mr. SNELL. Does the gentleman have reference to the Lankford bill?

Mr. MOREHEAD. Yes.

Mr. SNELL. Which applies to the District of Columbia?

Mr. MOREHEAD. To the District of Columbia; yes.

Mr. SNELL. I have received several petitions in regard to that bill, and it appears that a lot of people in my State are terribly disturbed about it.

Mr. MOREHEAD. Those who have signed this petition represent all the professions in which people engage in an agricultural section, and the heading of the petition is brief, so I would like to have the privilege of printing it in the RECORD. I do not ask to have the names printed, but just the heading, so that the people who have signed the petition may know I have given attention to their protest.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent to revise and extend his remarks in the manner indicated. Is there objection?

There was no objection.

The matter referred to follows:

Petition against compulsory Sunday observance

To the honorable the Senate and House of Representatives, greetings:

Believing—

(1) In the American principle of a complete separation of church and state;

(2) That Congress is prohibited by the first amendment to the Constitution from enacting any law "enforcing the proper observance" of any religious institution, or looking toward a union of church and state, or of religion in civil government;

(3) That the observance of a religious institution is a form of worship, and that all "labor, worldly business, and legitimate recreation" can only be forbidden for religious reasons;

(4) That all such legislation is opposed to the best interests of both the church and the state;

(5) That any such legislation either by Congress or the State legislatures is dangerous, and should be opposed by every lover of liberty of conscience and the voluntary exercise of religion:

Therefore we, the undersigned adult residents of Lancaster County, of the State of Nebraska, earnestly petition your honorable body not to pass H. R. 78, or any compulsory Sunday bills that have been introduced.

Mr. GRIFFIN. Mr. Chairman, I yield one minute to the gentleman from Georgia [Mr. BRAND].

Mr. BRAND of Georgia. Mr. Chairman and gentlemen of the committee, my purpose in obtaining this leave is to ask the privilege of extending my remarks on farm-relief legislation and to include a copy of a resolution which I introduced to investigate the Department of Agriculture and the activities of the New York Cotton Exchange.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent to revise and extend his remarks in the manner indicated. Is there objection?

There was no objection.

The resolution referred to follows:

Whereas the Department of Agriculture, on or about September 1, 1927, made public a report on boll-weevil conditions throughout the Cotton Belt which contained statements that were inaccurate; and

Whereas the Department of Agriculture, on or about September 15, 1927, made public a report purporting to give a reliable estimate of the world carry-over of cotton as of July 31, 1927, which contained statements that were inaccurate and based upon information received from nonofficial sources; and

Whereas the Department of Agriculture, on or about September 15, 1927, made public a report relating to the probable farm price situation during the balance of the year which contained predictions that the future trend of cotton prices would be lower; and

Whereas these reports were unauthorized and resulted in a decline of cotton prices with a loss to the farmers of the country of many millions of dollars; and

Whereas it is reported that the New Orleans, New York, and Chicago Cotton Exchanges were concerned with the issuance or publication of such reports: Therefore be it

Resolved, That the Committee on Agriculture or a duly authorized subcommittee thereof is hereby authorized and directed to make a full and complete investigation of the accuracy of such reports, to ascertain the sources of information upon which such reports were based, to investigate the activities of the New Orleans, New York, and Chicago Cotton Exchanges in connection with the issuance or publication of such reports, to investigate such other matters relating to the cotton situation since January 1, 1926, as the committee or subcommittee deems advisable, and to report thereon to the House as soon as practicable. For the purposes of this resolution such committee or subcommittee is authorized to hold hearings, to sit and act at such times and places, to employ such experts and clerical, stenographic, and other

assistance, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, and to take such testimony and make such expenditures as it deems advisable. The cost of stenographic service to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of such committee or subcommittees, which shall not be in excess of \$ , shall be paid from the contingent fund of the House.

Mr. SIMMONS. Mr. Chairman, I yield one minute to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, yesterday, in Habana, former Secretary of State Hughes, the head of our delegation at the Pan American Union Conference, made a speech which, I think, marks a milestone along the path of permanent peace, and I ask unanimous consent to extend my remarks by inserting that speech in the RECORD.

The CHAIRMAN. The gentleman from New York asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. BACON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

MR. HUGHES'S ADDRESS

HABANA, February 16.—Associated Press.—The United States was placed heartily behind the proposal to outlaw all aggressive warfare in this hemisphere and in favor of full arbitration by the speech of Charles Evans Hughes, head of the American delegation, before the session to-day of the Pan American Conference committee on public international law. Mr. Hughes's speech, in part, follows:

"It is my happy privilege to say for the United States of America that we would join most heartily in a declaration that there shall be no war of aggression in America. I am in entire accord with the proposal that we should show that this hemisphere is dedicated to the interests of peace, and that we should endeavor to find pacific solutions for all the controversies that may arise. Without suggesting any superiority for ourselves, we have very happy traditions in this hemisphere.

"Most of the controversies that have vexed us have already been settled. Very few remain. They can be adjusted peacefully. If we have this high aim of securing pacific adjustment of our difficulties, we shall not fail to attain it. I am happy to join in that effort to which, not simply speaking from the position as chairman of the American delegation—important as that is—but speaking out of my own heart I would wish to give all the strength and energy that I possess.

THREE WAYS FOR SETTLEMENT

"How shall we promote peaceful settlement? I think there are three ways:

"First. By conferences; by these important periodical meetings at which we can promote a better acquaintance and have a candid intercourse of views.

"Second. By means of conciliation—that is to say, the provision of some practical means by which when difficult situations arise reason may have its play before force takes the field.

"Third. In the judicial settlement of controversies. Reason and justice must have their institutions. They can not exist merely as abstract concepts to which we pay our verbal devotion. We must have institutions of peace. The great problem is how to establish them; how to secure agreement upon them. It is desired that we shall go as far as we can, and that then we shall endeavor, step by step, to make a progressive approach to our ideals.

"The important question before us is with respect to the project which Doctor Alfaro, of Panama, has presented. It has been subjected to an analysis in a very clear, illuminating, and forceful manner by Doctor Kira, president of the Chilean delegation. That analysis makes it unnecessary for me to dwell at length upon some of the questions involved.

INTERNATIONAL CONTROVERSIES

"Then there is a class of cases of controversies which should not be strictly regarded as international controversies at all. One State objects to the internal legislation of another State in a matter entirely within the province of that State. The objecting State should recognize that is a matter of internal government. But internal government projects in these days of intimate relations, in the actual force of its decisions into areas where other governments seek to find a freer play. So about internal questions some controversies may arise.

"All have questions in each of our countries which we think are within our competency because they relate to internal administration. I could name some, and I could go around this room and enumerate questions of that sort which I am sure many of you would never submit to arbitration.

"Now we must face the facts in this matter fairly. My conception of amity among the nations is a sort of friendship which will enable us to deal with these difficult questions in our negotiations with each

other without the effort to compel nations to relinquish rights or to change their internal organization, or to submit to the decrees of others in matters which affect internal regulations according to their conceptions of their interests. So our problem is, What progress can we make?

#### TREATY AND LAW CONFERENCES

"There is one class of controversies about which we can make a convention without great difficulty. Those are controversies relating to questions involving the interpretation of treaties or the principles of international law where the claims are for loss of life or personal injuries, or injuries to property and where the reparation sought is entirely pecuniary. We could have a claims convention without going into some of the difficulties which would arise in dealing with a broader convention. I do not mean to exclude the broader convention. I am simply thinking of making practical progress by having something on which we can start with a maximum of agreement. We can have two classes of convention, a convention relating to pecuniary claims and another convention relating to broader matters.

"I do not wish to detain the committee with a long statement, but I can not forbear to say that I think the project presented fails to exhaust the possibilities. While states might not be willing to submit to arbitration various delicate questions which they thought impending on the free exercise of their internal authority, still it might be possible to have joint commissions whose reports advising the different governments and legislatures would be of great value.

"In 1909 the United States made its treaty with Great Britain with respect to Canada, and established a joint commission in which each Government has an equal number of members and to which all sorts of question arising on our boundary can be referred for examination, the taking of testimony, and report to the respective Governments.

#### PERMANENT JOINT COMMISSION

"A nation may be willing, entirely willing, to have a permanent joint commission with its neighbor or neighbors, so that in any question that arises there may be an explanation of the questions not for the purpose of decision but so that each government may be advised of the views and findings of a commission on which they have an equal representation, and then its legislature, supreme in its sphere, can act with that knowledge. This plan has worked very well, and questions which might not perhaps have been submitted to arbitration—some of difficulty, some of delicacy—have been considered by the permanent joint commission and reports have been made which led to satisfactory adjustments.

"Let us be astute to find means suited to the different exigencies which we can not escape.

"A final word: The test of arbitration and the weakness of plans for arbitration lie in the selection of the third or fifth arbitrator, as the case may be, who actually decides the controversy. Arbitrators are selected for the respective nations, and in some historic cases the arbitrator selected by one power has not supported that power, but those cases are extremely rare. We know in advance the pivotal man, the third man, is the man who will decide. I have been in negotiations for arbitration where the names of the most distinguished jurors in the world have been submitted and eliminated.

#### PROJECT OF ARBITRATION

"Reference was made to the apprehension of States in regard to arbitration. They center about this selection. Now this project, when it comes to the final test where the parties do not agree, leaves the selection to chance. That is to say, if there is no agreement, two chiefs of state are to be designated, one by each party, who maintain friendly relations with both parties, but in the language of treaties and diplomacy, friendship is not the same as it is in the language of social intercourse. There are chiefs of state at times which we would not desire to select, although he would be far from suggesting that our relations in a diplomatic sense were not entirely friendly.

"These two chiefs of state, one selected by each party, are designated, and one of these is to be selected by lot, for example, the flip of a coin.

"There are two objections: The first is that it is by chance, and the whole arbitration rests upon that. The broader you make the arbitration the more important is this point. The second objection to such a method of choice is that it is essentially political. I think we should endeavor to get away from a final selection in case we could not agree upon a third arbitrator which would be in any manner influenced by political considerations. It might be impossible entirely to eliminate that feature, but we should strive in that direction in order to have an impartial, juridical settlement.

#### THREE CHIEFS OF STATE

"My suggestion would be that instead of providing for two chiefs of state, one to be selected by lot, that we should select three outstanding non-American jurists, who should select with a sense of responsibility of their reputation and juridical standing the third arbitrator, who in that case might more closely approach to our ideal of an impartial judge. Such jurists would be more likely to give us the selection of some one on whom we could rely as not influenced by political considerations.

"I do not wish to detain you with observations. I wish to join with you in this effort to the full extent of my ability. If we can not complete it now, let us prepare for a future day, when we can accomplish our purpose with full consideration of all the questions which necessarily arise. I desire to show to you the sincere cooperation of the United States, which is opposed to any act of aggression, which desires to see force eliminated from this hemisphere; which is seeking nothing but the good order, the importance, and the prosperity of all the American States."

The speech was received by delegates as an utterance of historical importance.

Mr. SIMMONS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. HOOPER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 11133) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1929, and for other purposes, and had come to no resolution thereon.

#### CARILLON FOR CHURCH OF GOOD COUNSEL

Mr. GRIFFIN. Mr. Speaker, I desire to ask unanimous consent on behalf of my colleague, the gentleman from New York [Mr. CELLER], to extend his remarks in the RECORD on the subject of carillons, and also on the subject of punishment of crime.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, I have introduced a bill to remit the duty paid by the Church of Good Counsel, Borough of Brooklyn, State of New York, on the importation of a carillon of bells which it is now using in church services. A number of similar bills have been passed by previous Congresses for Catholic churches and other denominations, and these bring up the necessity for amending the tariff law to exempt the 40 per cent duty now imposed upon the importation of bells in carillon.

The law is just only in so far as it is applicable to such bells as would involve competition with bells of American founders, but is unjust where it applies to such bells as are imported for use as a carillon, particularly in church services.

Our American bell founders can not supply bells for carillon purposes and consequently no protection of an industry is involved. The highest form of bell music, and in fact, the only form that can be defined as an art is that of carillon. There are five well-defined kinds of bells:

1. Individual bells, such as locomotive, fire, church, clock-striking bells. They usually give a signal of some sort. Little attention is paid to their musical quality.

2. Small peals: This is the collective use of bells when three or four are grouped together for sounding "bugle calls" or the gongs of "Big Ben" on the British House of Commons.

3. Ringing peals: This is the higher class of collective bells. They are found in sets of 8, 10, or 12 bells. Here the bells are swung, and they are thus called ringing peals. Their control is by means of ropes.

4. Chimes: This is a still higher class of music derived from the collective use of bells. A chime also contains 8, 10, or 12 bells, but the bells are stationary and not swung. They are sounded by means of clappers, which are connected with a console or keyboard. The notes of a chime are usually that of a major scale.

5. Carillons: The carillon differs from a chime in that it is more extensive in range of notes. It contains all the semitones of the chromatic scale. It requires bells of the finest musical quality and tone. It usually has three octaves or about 35 bells. Its maximum compass of range is 53 bells or four and one-half octaves. The action and console of a carillon is similar to the keyboard of a piano or organ. There are usually two rows for the hands and two rows for the feet. The player, who sits on a bench and plays like an organist, is called a carillonneur.

In carillon music there is a great variety of melodies, with harmonies and chords like on an organ or piano.

Frederick C. Mayer, organist and choirmaster of the United States Military Academy, says:

The art of casting and tuning bells of the highest musical quality was known and extensively practiced in Flanders several hundred years ago. But this art (of carillon), like that of the old Italian makers of master violins, soon became lost; in the case of bells the art has been rediscovered only within the present generation. This rediscovery has occurred in England, and to-day it is from this country alone that such high-quality bells, suitable for carillons, can be obtained. Thus it is



that an entirely new problem is created and a revival in the old carillon art is in full swing in England, Holland, and Belgium.

Any boy can learn to play a chime, providing he has a simple knowledge of music, within a month. But in Belgium there is a national school of carillon playing maintained by the Belgian Government, where the art of a carillonneur is taught with as great artistic thoroughness, pursued through years of serious devotion, as that connected with other branches of the art of music. The comparison of the 12-note console of what is often spoken of as our best native chime, that in the tower of the Cadet Chapel, West Point, N. Y., with the 45-note console of the finest carillon now in the world, that in the tower of the cathedral of Malines, Belgium, would be like comparing a child's toy piano keyboard of one octave of white keys only with a standard piano keyboard of full and complete compass. And the difference in the music possible from these two sets of bells is like comparing the playing of a child with that of a mature artist.

Walter Damrosch has expressed himself similarly.

Our native bell founders can not manufacture carillon. They have never tried. They probably do not know the secret underlying the beautiful tonal quality and timbre of huge bells. It has been said:

A good bell is not made by chance but is the result of a wise combination of qualities and though, a fine carillon is as precious as a violin by Stradivarius.

Most of the carillons imported in this country have been used in churches for religious purposes. Statuary, altars, hyssops, baptismal founts, shrines, relics, and so forth, used in religious services are permitted to come into this country free of duty. Why not carillons?

From a religious, cultural, and artistic standpoint any carillon set up in a church tower has a tremendous potency in any community. I would like to see encouraged in this country the art of carillon music, so that in every city, town, or hamlet they would have carillons with their bells hung in an open tower—the carillon to be the property of the community, just as a museum or the city hall are of public concern.

The sweet and tender music of the carillon would be heard miles around. In Europe, this summer, I had the exquisite pleasure of hearing carillon music. The programs included the simplest folk songs as well as compositions by Bach, Handel, Mendelssohn, and Chopin. The music afforded splendid recreation for many thousands.

It is obvious, therefore, that the present tariff on bells in carillon is unjust in that it hinders a development of an art and places handicaps upon the creation of religious music.

#### LET THE PUNISHMENT FIT THE CRIME

Mr. CELLER. Mr. Speaker, the Judiciary Committee of the House of Representatives will soon vote on one or two bills now before it. One bill seeks to make compulsory a jail sentence for prohibition violations, and the other would make of such violation a felony, carrying punishment of five years' imprisonment. There are many "drys" who believe that such penalties are not half severe enough, and that they should be made more barbarous—more in keeping with the "dry" credo.

In order, therefore, that they might procure the most cruel, the most refined, and most hideous forms of punishment I propose a "ferocity contest." Only "drys" shall be eligible, particularly the fanatical ones. I offer a \$100 prize to the person who shall submit the most savage and ferocious type of pain or penalty.

The following forms shall be deemed too mild and temperate for any consideration whatsoever, to wit:

Breaking at the wheel; impalement; thumbscrew, as used in the Spanish Inquisition; the "water cure" of the Philippines; the pillory; the ducking stool; banishment to Devils Island; the iron coffin; scalping; burning at the stake; burning in oil.

In England, formerly, as punishment for the crime of treason, the accused was hanged; his body was cut down while alive, then he was disemboweled, his head cut off, and his body quartered. That is what I would call a prize winner.

Another good sample would be to cut the limbs off if too long, and to stretch them if too short, to fit the Procrustean prohibition bed.

Somebody has suggested that the victims become galley slaves for the Shipping Board.

However, in order that the contestants be placed in the proper frame of mind, I suggest that in all "dry" communities a few prohibition violators be blindfolded, hands tied behind them, set up against a wall, and then all the "drys" shall be permitted to hurl knives and hatchets at them.

Address all communications to the judges of the "ferocity contest."

MACK E. VELLIE,  
DRAKE KOHNAN,  
BOB R. RUSS,

Room 466a, House Office Building, Washington, D. C.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. WURZBACH, for 10 days, on account of important business.

#### ADJOURNMENT OVER

Mr. TILSON. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet on Monday.

Mr. GARNER of Texas. Mr. Speaker, reserving the right to object, may I ask the gentleman from Connecticut whether he expects to have any more Private Calendar days now that a general claims bill has been passed? What is going to be the policy from now until the end of the session with reference to the consideration of claim bills on the Private Calendar?

Mr. TILSON. The bill referred to has not been passed by the Senate and probably will not become a law for some time. I assume that we should go forward with our Private Calendar just the same as if the bill had not been passed by the House.

Mr. GARNER of Texas. It has occurred to me that if the gentleman wants the Private Calendar considered, it would not interfere usually with the membership to work on Saturday if it is generally understood there would only be considered bills on the calendar unobjected to. There is getting to be quite a long list of bills on the calendar as the gentleman no doubt has noticed.

Mr. TILSON. I have found that there are more Members interested in private bills than in any other kind, and, as many Members wish to leave the city on Saturdays, it is an inconvenience to them to stay over to watch their bills if the calendar is to be called.

Mr. GARNER of Texas. The gentleman does expect to have a Private Calendar day at an early time?

Mr. TILSON. Yes; I think there will be plenty of time after the appropriation bills are passed to consider all the bills on the Private Calendar just as we did in the last Congress. I hope to be able to do this again before adjournment.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

#### ADJOURNMENT

Mr. SIMMONS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 25 minutes p. m.) the House, under the order previously made, adjourned to meet on Monday, February 20, 1928, at 12 o'clock noon.

#### COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for Saturday, February 18, 1928, as reported to the floor leader by clerks of the several committees:

##### COMMITTEE ON APPROPRIATIONS

(10.30 a. m.)

Navy Department appropriation bill.

##### COMMITTEE ON LABOR

(10 a. m.)

To divest goods, wares, and merchandise manufactured, produced, or mined by convicts or prisoners of their interstate character in certain cases (H. R. 7729).

For Monday, February 20, 1928

##### COMMITTEE ON APPROPRIATIONS

(10.30 a. m.)

Navy Department appropriation bill.

##### COMMITTEE ON AGRICULTURE

(10 a. m.)

To establish a Federal farm board to aid in the orderly marketing and in the control and disposition of the surplus of agricultural commodities in interstate and foreign commerce (H. R. 7940).

##### COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES

(10 a. m.)

A meeting to consider the various bills on the committee calendar.

##### COMMITTEE ON THE CENSUS

(10.30 a. m.)

For the apportionment of Representatives in Congress among the several States under the Fourteenth Census (H. R. 27).

For the apportionment of Representatives in Congress (H. R. 130).

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SIMMONS: Committee on Appropriations. H. R. 11133. A bill making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1929, and for other purposes; without amendment (Rept. No. 702). Referred to the Committee of the Whole House on the state of the Union.

Mr. McLEOD: Committee on the District of Columbia. H. R. 6685. A bill to regulate the employment of minors within the District of Columbia; with amendment (Rept. No. 703). Referred to the Committee of the Whole House on the state of the Union.

Mr. TEMPLE: Committee on Foreign Affairs. H. R. 8128. A bill to authorize a permanent annual appropriation for the maintenance and operation of the Gorgas Memorial Laboratory; with amendment (Rept. No. 706). Referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. VINSON of Georgia: Committee on Naval Affairs. H. R. 5897. A bill for the relief of Mary McCormick; without amendment (Rept. No. 704). Referred to the Committee of the Whole House.

Mr. WRIGHT: Committee on Military Affairs. H. R. 11107. A bill for the relief of William H. Estabrook; without amendment (Rept. No. 705). Referred to the Committee of the Whole House.

## CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 4934) granting a pension to Charles Henry Mosher, and the same was referred to the Committee on Invalid Pensions.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SIMMONS: A bill (H. R. 11133) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1929, and for other purposes; committed to the Committee of the Whole House on the state of the Union.

By Mr. JAMES: A bill (H. R. 11134) to authorize appropriations for construction at military posts, and for other purposes; to the Committee on Military Affairs.

By Mr. JOHNSON of South Dakota: A bill (H. R. 11135) to amend paragraph 12 of section 202 of the World War veterans' act, 1924; to the Committee on World War Veterans' Legislation.

By Mr. BRAND of Georgia: A bill (H. R. 11136) to amend the World War adjusted compensation act; to the Committee on Ways and Means.

By Mr. BACON: A bill (H. R. 11137) to extend the powers of pilots holding Federal licenses; to the Committee on the Merchant Marine and Fisheries.

By Mr. HUGHES: A bill (H. R. 11138) authorizing the Point Pleasant-Henderson Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Kanawha River at or near Point Pleasant, W. Va.; to the Committee on Interstate and Foreign Commerce.

By Mr. TILSON: A bill (H. R. 11139) for the appointment of an additional circuit judge for the second judicial circuit; to the Committee on the Judiciary.

By Mr. BULWINKLE: A bill (H. R. 11140) to provide for the inspection of the battle field of Kings Mountain, S. C.; to the Committee on Military Affairs.

By Mr. BACON: A bill (H. R. 11141) to require contractors and subcontractors engaged on public works of the United States to give certain preferences in the employment of labor; to the Committee on Labor.

By Mr. TEMPLE: A bill (H. R. 11142) to provide for the topographic mapping and the measurement of river discharge of the alluvial valley of the lower Mississippi River and in such other areas as have an immediate bearing on the solution of flood problems of the Mississippi River Basin; to the Committee on Flood Control.

By Mr. MacGREGOR: Resolution (H. Res. 116) relating to officers and employees and services of the House of Representatives; to the Committee on Accounts.

## MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the State of South Carolina urging Congress to enact favorable legislation for disabled emergency Army officers of the World War; to the Committee on World War Veterans' Legislation.

By Mr. BERGER: Memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to create a special committee to thoroughly investigate the coal strike in all its phases; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of Wisconsin, in favor of the passage of the Norris resolution for the earlier seating of Congress; to the Committee on Election of President, Vice President, and Representatives in Congress.

Also, memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to authorize and direct a full survey of the Wisconsin-Fox Rivers waterway and to enact such legislation as will result in the completion of such waterway; to the Committee on Rivers and Harbors.

Also, memorial of the Legislature of the State of Wisconsin, opposing the leasing of the water powers on the Menominee Indian Reservation to private interests; to the Committee on Indian Affairs.

Also, memorial of the Legislature of the State of Wisconsin, in favor of the early completion of the St. Lawrence seaway; to the Committee on Rivers and Harbors.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H. R. 11143) granting a pension to Jane Noe; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11144) granting an increase of pension to Mary M. Campbell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11145) granting an increase of pension to Matilda E. Rider; to the Committee on Invalid Pensions.

By Mr. BRITTEN: A bill (H. R. 11146) to pension Baury Bradford Richerson, formerly a cadet at the United States Military Academy at West Point, N. Y.; to the Committee on Pensions.

Also, a bill (H. R. 11147) for the relief of Medical Inspector Royall Roller Richardson, United States Navy; to the Committee on Naval Affairs.

By Mr. CAMPBELL: A bill (H. R. 11148) for the relief of Emma Hannan; to the Committee on Claims.

By Mr. CARTWRIGHT: A bill (H. R. 11149) for the relief of Albert D. Castleberry; to the Committee on Military Affairs.

Also, a bill (H. R. 11150) granting a pension to Mary A. Raglin; to the Committee on Pensions.

By Mr. COCHRAN of Missouri: A bill (H. R. 11151) for the relief of Louis Wohlfahrt; to the Committee on Naval Affairs.

By Mr. COLTON: A bill (H. R. 11152) for the relief of David Thyngerson; to the Committee on Claims.

Also, a bill (H. R. 11153) for the relief of Harry C. Tasker; to the Committee on Claims.

By Mr. DYER: A bill (H. R. 11154) for the relief of the Reliance Realty & Investment Co., a corporation, owners of the Republic Building, at the southwest corner of Seventh and Olive Streets, city of St. Louis, State of Missouri; to the Committee on Claims.

Also, a bill (H. R. 11155) granting an increase of pension to August Hoecker; to the Committee on Invalid Pensions.

By Mr. FRENCH: A bill (H. R. 11156) granting a pension to James Conley; to the Committee on Pensions.

By Mr. GREGORY: A bill (H. R. 11157) to authorize a preliminary survey of Mayfield Creek in Kentucky with a view to the control of its floods; to the Committee on Flood Control.

By Mrs. KAHN: A bill (H. R. 11158) providing for the advancement on the retired list of the Army of Hunter Liggett, major general, United States Army, retired; to the Committee on Military Affairs.

By Mr. KEARNS: A bill (H. R. 11159) granting an increase of pension to Eliza J. Hoop; to the Committee on Invalid Pensions.

By Mr. KENT: A bill (H. R. 11160) granting a pension to Eliza Hagenbach; to the Committee on Pensions.

Also, a bill (H. R. 11161) granting a pension to Ellen Howey Detrick; to the Committee on Pensions.

Also, a bill (H. R. 11162) granting a pension to Abel T. Rohback; to the Committee on Pensions.

Also, a bill (H. R. 11163) granting an honorable discharge to John Auge; to the Committee on Military Affairs.



Also, a bill (H. R. 11164) granting an increase of pension to Emma L. Nagle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11165) granting an increase of pension to Mary J. Morrison; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11166) granting an increase of pension to Diana Koch; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11167) to reimburse Arthur Bennett for funeral expenses of Furman Anness; to the Committee on Pensions.

By Mr. MacGREGOR: A bill (H. R. 11168) granting an increase of pension to Raymond E. Daniels; to the Committee on Pensions.

By Mr. MILLIGAN: A bill (H. R. 11169) granting a pension to Eliza Buist; to the Committee on Invalid Pensions.

By Mr. MOREHEAD: A bill (H. R. 11170) granting an increase of pension to Sarah C. Lutgen; to the Committee on Pensions.

By Mr. MORGAN: A bill (H. R. 11171) granting an increase of pension to Sarah J. Penn; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11172) granting a pension to Charles R. Fischer; to the Committee on Invalid Pensions.

By Mr. REED of New York: A bill (H. R. 11173) granting an increase of pension to Jennie H. Burford; to the Committee on Invalid Pensions.

By Mr. SHREVE: A bill (H. R. 11174) granting an increase of pension to Anna Oldfield; to the Committee on Invalid Pensions.

By Mr. SINCLAIR: A bill (H. R. 11175) granting an increase of pension to George E. Wykoff; to the Committee on Pensions.

By Mr. SIROVICH: A bill (H. R. 11176) authorizing the Secretary of War to award a congressional medal of honor to Abraham Krotoshinsky; to the Committee on Military Affairs.

By Mr. SNELL: A bill (H. R. 11177) for the relief of Elizabeth Lizette; to the Committee on Military Affairs.

By Mr. STALKER: A bill (H. R. 11178) granting an increase of pension to Mary Keeler; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11179) granting an increase of pension to Ellen A. Searles; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11180) granting an increase of pension to Emma L. Perry; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11181) for the relief of William Parish; to the Committee on Military Affairs.

Also, a bill (H. R. 11182) for the relief of Levi Waters; to the Committee on Military Affairs.

Also, a bill (H. R. 11183) granting an increase of pension to Katherine Tipple; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11184) granting an increase of pension to Adelaide W. Pumpelly; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11185) for the relief of Ella M. Walker; to the Committee on Claims.

By Mr. TEMPLE: A bill (H. R. 11186) granting an increase of pension to Ada P. Barnhart; to the Committee on Pensions.

By Mr. VESTAL: A bill (H. R. 11187) granting a pension to Benjamin Simmons; to the Committee on Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4062. By Mr. BACHMANN: Petition of C. E. Will and 130 other citizens of Triadelphia, W. Va., protesting against the Lankford compulsory Sunday observance bill (H. R. 78); to the Committee on the District of Columbia.

4063. By Mr. BARBOUR: Petition of residents of the seventh congressional district of California, protesting against the Lankford Sunday bill (H. R. 78); to the Committee on the District of Columbia.

4064. Also, letter of Rev. Hubert F. Doran, Methodist Episcopal Church, Hughson, Calif., and telegram of Rev. L. E. Warren, Methodist Episcopal Church, Selma, Calif., protesting against naval construction program; to the Committee on Naval Affairs.

4065. By Mr. BERGER: Petition of 945 residents of Milwaukee, against House bill 78, the Sunday compulsory observance bill for the District of Columbia, on the ground that such legislation tends to unite church and state and is therefore violative of the Federal Constitution; to the Committee on the District of Columbia.

4066. By Mr. BOWMAN: Petition from citizens of West Virginia, urging further relief to Civil War veterans and their dependents; to the Committee on Invalid Pensions.

4067. By Mr. CARSS: Petition of Mrs. Frank Somers and 96 other residents of International Falls, Minn., protesting against enactment of House bill 78, the compulsory Sunday observance bill; to the Committee on the District of Columbia.

4068. By Mr. CARTER: Petition of Charles Carroll, manager, and seven others, of Oakland, Calif., protesting against the passage of the Brookhart bill relating to the distribution of motion pictures; to the Committee on Interstate and Foreign Commerce.

4069. By Mr. CHINDBLOM: Petition of the Ravenswood Woman's Club, of Chicago, Ill., by Emma B. Werden, chairman of legislation, urging the enactment of House bill 78, the compulsory Sunday observance bill; to the Committee on the District of Columbia.

4070. By Mr. DEMPSEY: Petition of citizens of Buffalo, N. Y., protesting against the Brookhart bill, affecting the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

4071. Also, petition of citizens of Niagara County, N. Y., against the bill providing for increased naval armament; to the Committee on Naval Affairs.

4072. By Mr. DRIVER: Petition signed by citizens of Paragould, Greene County, Ark., protesting against the passage of the Lankford compulsory Sunday observance bill; to the Committee on the District of Columbia.

4073. By Mr. ESLICK: Petition of B. F. Capps, J. C. Parks, B. P. Murphree, and others, of McEwen, Tenn.; to the Committee on the District of Columbia.

4074. By Mr. FROTHINGHAM: Petition of citizens of Easton, Mass., of Swedish birth or parentage, protesting against the national-origin clause of the present immigration law; to the Committee on Immigration and Naturalization.

4075. By Mr. GALLIVAN: Petition of Paragon Park Co., Joseph Stone, president, 53 State Street, Boston, Mass., protesting against the passage of the Lankford bill (H. R. 78); to the Committee on the District of Columbia.

4076. By Mr. GARBER: Letter of A. C. Edwards, tariff committee chairman of the United States cedar industry, protesting against the existing tariff laws on lumber; to the Committee on Ways and Means.

4077. Also, letter of Mrs. Charles A. Cruse, secretary of Washington Parent-Teacher Association, of Norman, Okla., urging the reenactment of the Sheppard-Towner bill; to the Committee on Interstate and Foreign Commerce.

4078. Also, resolution of the Carl Schurz Unit, No. 28, of the Steuben Society of America, in protest against the national-origins method of determining quotas and urge Congress to eliminate this clause from the immigration act of 1924; to the Committee on Immigration and Naturalization.

4079. By Mr. HADLEY: Petition of a number of residents of King County, Wash., protesting against the Lankford Sunday closing bill; to the Committee on the District of Columbia.

4080. By Mr. HALL of North Dakota: Petition of 69 citizens living at Dickey and La Moure Counties, N. Dak., against the enactment of House bill 78, or any other compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4081. Also, petition of 12 citizens living at Hurdsville, N. Dak., against the enactment of House bill 78, or any other compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4082. Also, petition of eight citizens living in Dickey County, N. Dak., against the enactment of House bill 78, or any other compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4083. Also, petition of 10 citizens living in Wells County, N. Dak., against the enactment of House bill 78, or any other compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4084. Also, petition of 12 citizens living in Dickey County, N. Dak., against the enactment of House bill 78, or any other compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4085. Also, petition of two citizens living at Velva, N. Dak., against the enactment of House bill 78, or any other compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4086. Also, petition of nine citizens living at Pollock, S. Dak., against House bill 78, or any other compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4087. Also, petition of 55 citizens living at Dawson, N. Dak., against the enactment of House bill 78, or any other compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4088. Also, petition of 14 citizens living in Wells County, N. Dak., against the enactment of House bill 78, or any other compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4089. By Mr. HOCH: Petition of Mrs. C. B. Shultz and 70 other voters of Severy, Kans., urging that immediate steps be taken to bring to a vote the bill liberalizing pension laws for Civil War veterans and widows; to the Committee on Invalid Pensions.

4090. Also, petition of J. O. Wilson and 55 adult residents of Emporia, Kans., protesting against passage of House bill 78, or any compulsory Sunday bills that have been introduced; to the Committee on the District of Columbia.

4091. By Mr. HOPE: Petition signed by citizens of the seventh Kansas district, protesting against the Lankford bill, or other compulsory legislation; to the Committee on the District of Columbia.

4092. Also, petition signed by citizens of Hutchinson, Kans., protesting against the passage of the Lankford bill, or any compulsory Sunday legislation; to the Committee on the District of Columbia.

4093. Also, petition signed by citizens of the seventh Kansas district, protesting against the passage of the Lankford bill, or any compulsory Sunday legislation; to the Committee on the District of Columbia.

4094. By Mr. JOHNSON of Oklahoma: Petition of C. A. Cox and nine other citizens of Comanche, Okla., asking the enactment of a bill to increase the pensions of Civil War veterans and their widows; to the Committee on Invalid Pensions.

4095. Also, petition of Elizabeth Burriss and 115 other citizens of Caddo County, Okla., for a bill to increase the pension of Civil War veterans and their widows; to the Committee on Invalid Pensions.

4096. By Mr. JOHNSON of South Dakota: Petition of 192 citizens of Spink County, S. Dak., protesting against the passage of the Lankford bill (H. R. 78), or any other compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4097. By Mr. LEA: Petition of 25 residents of Ferndale, Calif., protesting against compulsory Sunday legislation, and especially House bill 78; to the Committee on the District of Columbia.

4098. Also, petition of 54 citizens of Orland, Hamilton City, and Corning, Calif., protesting against Sunday observance legislation, and particularly House bill 78; to the Committee on the District of Columbia.

4099. Also, petition of 43 residents of Humboldt County, Calif., protesting against the Lankford bill (H. R. 78), and other compulsory Sunday legislation; to the Committee on the District of Columbia.

4100. By Mr. McFADDEN: Petition of residents of Hallstead, Pa., to bring to a vote the Civil War pension bill; to the Committee on Invalid Pensions.

4101. Also, petition of residents of Towanda, Pa., to bring to a vote the Civil War pension bill; to the Committee on Invalid Pensions.

4102. By Mr. MANLOVE: Petition signed by 43 citizens of Carthage, Mo., including Ezra Baker, Mrs. F. D. Garretson, and Mrs. W. A. Shank, protesting against the Lankford compulsory Sunday observance bill; to the Committee on the District of Columbia.

4103. Also, petition signed by 22 citizens of Joplin, Mo., including C. F. Cohen and M. Bormaster, protesting against the Lankford compulsory Sunday observance bill; to the Committee on the District of Columbia.

4104. Also, petition of 32 citizens of Neosho, Mo., including F. S. Hardiman and J. A. Oliver, protesting against the Lankford compulsory Sunday observance bill; to the Committee on the District of Columbia.

4105. Also, petition of 53 citizens of Lawrence and Barry Counties, Mo., including W. G. Coffin, of Verona, Mo., and E. H. Melton, of Jenkins, Mo., protesting against the Lankford compulsory Sunday observance bill; to the Committee on the District of Columbia.

4106. By Mr. MAPES: Petition of Rev. Robert E. Brown, pastor of Trinity Community Church, and 70 other citizens of Grand Rapids, Mich., indorsing the negotiation of treaties which will secure the abolition of war by the nations and assure the peaceful settlement of all international disputes and protesting the advancement of a great naval building program; to the Committee on Foreign Affairs.

4107. By Mr. MONAST: Petition of citizens of Pawtucket, R. I., protesting against the compulsory Sunday law; to the Committee on the District of Columbia.

4108. By Mr. MOREHEAD: Petition of voters of the first congressional district of the State of Nebraska, asking that the Lankford compulsory Sunday observance bill (H. R. 78) be not passed; to the Committee on the District of Columbia.

4109. Also, petition of voters of the first congressional district of the State of Nebraska, asking that a vote be taken on the increase of pensions of the Civil War veterans, their widows, and dependents; to the Committee on Invalid Pensions.

4110. By Mr. MORROW: Petition of Burton C. Mossman, Roswell, N. Mex., opposing Box bill, which tends to restrict Mexican immigration; to the Committee on Immigration and Naturalization.

4111. By Mrs. NORTON of New Jersey: Petition of Mrs. J. Hoeschele, 53 Hancock Avenue, Jersey City, N. J., against House bill 78; to the Committee on the District of Columbia.

4112. By Mr. O'CONNELL: Petition of the Association for the Protection of the Adirondacks, opposing the passage of the so-called McNary-Woodruff bill (S. 1181); to the Committee on Agriculture.

4113. Also, petition of the Industrial Club, Covington, Ky., favoring the repeal of the present Federal inheritance tax law; to the Committee on Ways and Means.

4114. Also, petition of the Steuben Society of America, Carl Schurz Unit, No. 28, St. Louis, Mo., protesting against the national-origin method of determining quotas, and urging Congress to eliminate this clause from the immigration act of 1924; to the Committee on Immigration and Naturalization.

4115. By Mr. ROBINSON of Iowa: Petition signed by Rev. Emil P. Frye, secretary, for the ministers of the Dubuque and Waterloo district of the Upper Iowa Conference of the Methodist Episcopal Church, against the large Navy program now under consideration; to the Committee on Naval Affairs.

4116. Also, petition protesting against the large Navy program now under consideration, from the joint district conference of the Cedar Rapids and Davenport districts of the Methodist Episcopal Church, and signed by S. C. Bretnall as secretary; to the Committee on Naval Affairs.

4117. Also, petition in opposition to the large increase in the naval-building program, signed by Rev. T. M. Nielson, pastor; F. R. Krebs, president of official board; Ray E. Ashur, secretary of official board, in behalf of the congregation of the Methodist Episcopal Church at La Porte City, Iowa; to the Committee on Naval Affairs.

4118. By Mr. SANDERS of Texas: Petition of C. H. Reese and numerous citizens of Kleberg County, Tex., in favor of a bill to prohibit gambling in cotton futures; to the Committee on Agriculture.

4119. By Mr. SELVIG: Petition of John Halvorson, of Viking, and 80 adult residents of Marshall County, Minn., in favor of the repeal of the "national origins" clause from the immigration act; to the Committee on Immigration and Naturalization.

4120. Also, petition of H. R. Klinger and three adult residents of Clair River, Minn., protesting against the passage of House bill 78; to the Committee on the District of Columbia.

4121. Also, petition of A. Svanajord and nine other residents of Goodridge, Minn., and vicinity, protesting against the passage of House bill 78; to the Committee on the District of Columbia.

4122. Also, petition of James A. Webb and 17 adult residents of Fergus Falls, Minn., protesting against a large appropriation for the United States Navy for the purpose of building battleships and other war craft; to the Committee on Appropriations.

4123. Also, petition of Benjamin A. Cram and 36 residents of Fergus Falls, Minn., protesting against the enactment of a large appropriation for the United States Navy for the purpose of building battleships and other war craft; to the Committee on Appropriations.

4124. By Mr. SHALLENBERGER: Petition of citizens of the State of Nebraska, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

4125. By Mr. SHREVE: Petition of Edward Cross and other citizens of Erie, Pa., protesting against the passage of the Lankford Sunday observance bill (H. R. 78); to the Committee on the District of Columbia.

4126. By Mr. SUMMERS of Washington: Petition signed by Dora B. Sperry and 151 others, of Pasco, Wash., protesting against the enactment of compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4127. Also, petition signed by Cora Bliss and 10 others, of Granger, Wash., protesting against the enactment of compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4128. Also, petition signed by Walter Colgan and 64 others, of Wapato, Wash., urging increase in pensions of Civil War veterans



and widows of Civil War veterans; to the Committee on Invalid Pensions.

4129. By Mr. STALKER: Petition of Dr. Howard A. Catlin, of Painted Post, N. Y., and other citizens of that vicinity, protesting against the enactment of House bill 78, or any compulsory Sunday observance legislation; to the Committee on the District of Columbia.

4130. By Mr. WYANT: Petition of Milton Campbell, president of H. K. Mulford Co., Philadelphia, Pa., favoring passage of House bill 9185, Cuban parcel post bill; to the Committee on Ways and Means.

4131. Also, petition of 160 members of Camp 191, Patriotic Order Sons of America, of Salina, Pa., favoring passage of House bill 10078; to the Committee on Immigration and Naturalization.

4132. Also, petition of W. J. Pierce, of Washington Camp, No. 627, Patriotic Order Sons of America, of Salina, Pa., favoring passage of House bill 10078; to the Committee on Immigration and Naturalization.

4133. Also, petition of Earl Stewart, of New Kensington Taxicab Co., favoring passage of Senate bill 2312, relating to rubber legislation; to the Committee on Interstate and Foreign Commerce.

4134. Also, petition of Mrs. Timothy J. Campbell, favoring passage of Welch bill (H. R. 6518) and Lehlbach bill (H. R. 492); to the Committee on the Civil Service.

4135. Also, petition of Washington Camp, No. 627, Patriotic Order Sons of America, favoring passage of House bill 10078; to the Committee on Immigration and Naturalization.

4136. Also, petition of Monongahela Valley Chapter, Daughters American Revolution, indorsing Navy program; to the Committee on Naval Affairs.

4137. Also, petition of 1,010 members of the Methodist Episcopal Church, of Irwin, Pa., favoring passage of Lankford Sunday rest bill for the District of Columbia; to the Committee on the District of Columbia.

## SENATE

MONDAY, February 20, 1928

(Legislative day of Thursday, February 16, 1928)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 367. An act to authorize the settlement of the indebtedness of the Kingdom of the Serbs, Croats, and Slovenes;

H. R. 9285. An act to provide for the settlement of claims against the United States on account of property damage, personal injury, or death; and

H. R. 10954. An act to authorize the Secretary of the Treasury to execute agreements of indemnity to the Union Trust Co., Providence, R. I., and the National Bank of Commerce, Philadelphia, Pa.

### ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were thereupon signed by the Vice President:

H. R. 7032. An act authorizing the Valley Bridge Co. (Inc.) of Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Cumberland River at or near Canton, Ky.;

H. R. 7033. An act authorizing the Valley Bridge Co. (Inc.) of Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Cumberland River at or near Iuka, Ky.;

H. R. 7034. An act authorizing the Midland Bridge Co. (Inc.) of Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Cumberland River at or near Smithland, Ky.;

H. R. 7035. An act authorizing the Midland Bridge Co. (Inc.) of Paducah, Ky., its successors and assigns, to construct, maintain, and operate a bridge across the Tennessee River at or near the mouth of Clarks River;

H. R. 7036. An act authorizing the Valley Bridge Co. (Inc.) of Paducah, Ky., its successors and assigns, to construct, main-

tain, and operate a bridge across the Tennessee River at or near Eggners Ferry, Ky.; and

H. R. 8216. An act to confer authority on the United States District Court for the Western District of Virginia to permit J. L. Sink, a bankrupt, to file his application for discharge and to authorize and empower the judge of said court to hear and determine the same.

### CALL OF THE ROLL

The VICE PRESIDENT. The Senate resumes the consideration of House bill 7201, and the Senator from Nebraska [Mr. HOWELL] is entitled to the floor.

Mr. WATERMAN. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Edwards	King	Sackett
Barkley	Ferris	La Follette	Schall
Bayard	Fess	McKellar	Sheppard
Bingham	Fletcher	McLean	Shipstead
Black	Frazier	McMaster	Shortridge
Blaine	George	McNary	Smoot
Blease	Gerry	Mayfield	Steiwer
Borah	Glass	Metcalf	Stephens
Bratton	Gooding	Moses	Swanson
Brookhart	Greene	Neely	Thomas
Broussard	Hale	Norbeck	Tydings
Bruce	Harris	Norris	Tyson
Capper	Harrison	Nye	Wagner
Caraway	Hawes	Oddie	Walsh, Mass.
Copeland	Hayden	Phipps	Walsh, Mont.
Couzens	Heflin	Pine	Warren
Curtis	Howell	Pittman	Waterman
Cutting	Johnson	Ransdell	Watson
Dale	Jones	Reed, Pa.	Wheeler
Deneen	Kendrick	Robinson, Ark.	Willis
Dill	Keyes	Robinson, Ind.	

The VICE PRESIDENT. Eighty-three Senators having answered to their names, a quorum is present.

### PETITIONS AND MEMORIALS

Mr. ODDIE presented memorials of sundry citizens of the State of Nevada, remonstrating against the passage of legislation providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. JONES presented a resolution adopted by members of the Wenatchee Valley Church of the Brethren, of Wenatchee, Wash., favoring the adoption of arbitration treaties and treaties outlawing war between the nations, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by members of the Wenatchee Valley Church of the Brethren, of Wenatchee, Wash., favoring the withdrawal of American marines from Nicaragua, which was referred to the Committee on Naval Affairs.

He also presented a resolution adopted by members of the Wenatchee Valley Church of the Brethren, of Wenatchee, Wash., protesting against the adoption of the proposed enlarged naval building program, which was referred to the Committee on Naval Affairs.

Mr. WILLIS presented a petition of sundry citizens of Bethel, Ohio, praying for the adoption of measures to bring about more satisfactory conditions of radio broadcasting, which was referred to the Committee on Interstate Commerce.

He also presented a petition of sundry citizens of Cincinnati, Ohio, praying for the passage of legislation granting increased pensions to Civil War Veterans and their widows, which was referred to the Committee on Pensions.

Mr. LA FOLLETTE presented a memorial numerous signed by sundry citizens of Milwaukee and vicinity, in the State of Wisconsin, remonstrating against the passage of Senate bill 1667, the so-called Brookhart bill, relative to the distribution of motion pictures in the various motion-picture zones of the country, which was referred to the Committee on Interstate Commerce.

Mr. FRAZIER presented a memorial signed by O. A. Moe and 56 other citizens of Ross, N. Dak., remonstrating against adoption of the proposed enlarged naval building program, which was referred to the Committee on Naval Affairs.

Mr. BLAINE presented a petition of 10 members of the Pottawatome Tribe of Indians residing in Wisconsin and Michigan, favoring the passage of House bill 7207, to appropriate treaty funds due the Wisconsin Pottawatome Indians, which was referred to the Committee on Indian Affairs.

He also presented a petition of 25 citizen of Barron County, Wis., praying for the passage of the so-called Shipstead bill, being the bill (S. 1481) to amend sections 11 and 12 of an act to limit the immigration of aliens into the United States, and